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Assembly's social commi

PARIS, MONDAY, NOVEMBER 14, 1988

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ESTABLISHED 1887

At PLO

Meeting

**Majority Emerges** 

On UN Resolution

**Concerning Israel** 

Compiled by Our Staff From Dispatches

Palestine National Council, the po-

licy-making body of the Palestine

Liberation Organization, has agreed to accept a United Nations resolution that implicitly recog-

nizes Israel, delegates said Sunday.

PNC that began Saturday is ex-pected to end Tuesday with a dec-

laration of independence for the

Israeli-occupied West Bank and

In previous meetings, the council has rejected UN Resolution 242,

which contains a reference to the

A member of the executive com-

mittee of the PLO, Yasser Abed

Rabbo, said that a draft formula on

the PLO's view of a Middle East settlement included a clear refer-

A spokesman for the PLO, Ah-

"In the political statement," he

added, "we will adopt all resolu-tions of the UN Security Council

dealing with the Palestinian ques-

tion. What's more, we will empha-

size Resolutions 242 and 338 as the

basis for an international confer-

ence to achieve peace in the Middle

Resolution 242 calls for an end

to hostilities and for Israel to with-

draw from territories occupied in

the 1967 war. Adopted by the Security Council in 1967, it implicitly

recognizes Israel by referring to the right of all states in the area to live

within secure and recognized bor-

Resolution 338, passed in 1973

med Abdul Rahman, said, "The

Gaza Strip.

recognition of Israel.

The meeting of the 450-member

ALGIERS - A majority of the

No. 32,883

## **Bush Rejects a Lower Dollar** day. I have my now and tale pride in doing it." Since the 1984, "The Cosby Show is almost single-handedy take for NBC's dominance in the single-handed to th As Way to Close Trade Gap

WASHINGTON - Aides to Beauty turned diplonations as Miss United National Country of the United National Country of the President-elect George Bush sought Sunday to reassure jittery financial markets by saying that the budget deficit would be Mr. Bush's highest priority and that the next administration would not favor a lower dollar to reduce the

> The aides, Craig L. Fuller and Robert Teeter, said Mr. Bush would hold firm to his election campaign pledge not to raise taxes as a way of reducing the budget

Mr. Fuller also said that Mr. Bush would name his economic

Mr. Bush would pursue his "flexible freeze" proposal, which would limit government spending in-creases to the rate of inflation.

cials are expected to hold talks on

maintain military spending at its current level or increase it slightly by considering ways to reduce do-

The dollar closed at a 10-month low against the yen on Friday fol-

thought it might in the spring and summer, and the next major move in

interest rates will be down, not up."

kerage houses have pushed long-

term bonds with this sales pitch: A

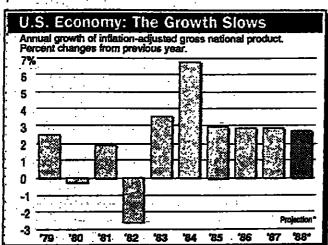
slowdown in economic growth

means lower interest rates; there-fore, buy bonds and lock in today's

corporate profits are weak but be-

peak rates before they fall.

Reflecting this change, Merrill



# full-service grocery. The petter the final straw for All **Not Necessarily Surer**

By Louis Uchitelle

every economist, the message is loud and clear: The U.S. economy

recession next year or the year af-ter. Or, ideally, the decline would halt short of a recession, and the economy would then settle into a

The problem is that no one cause they would weaken in a re-nows which path the slowdown cession, pulling down stock prices. will actually take. While the United States waits for the answer, it wor-

#### Kiosk

sands of Ukrainians gathered in Kiev on Sunday to protest ticipant reported.

minhabitable.

100 children in the town of Scientists suspect environ-mental poisoning, possibly through acid rain.



Representative Richard Gephardt said Democrats would be "aggressive" on

#### General News

A Soviet-Japanese agreement on petrochemicals is called a setback for Occidental Petro-

Personal Investing

Japanese and U.S. monetary offiexchange rates. Page 9.

He said Mr. Bush would try to

lowing speculation that the Bush

# U.S. Economy: Slower,

New York Times Service
NEW YORK — From nearly

is slowing down. The slowdown could turn into a

low but satisfactory rate of growth one that would last into the getting less attention, not because

ries. And the worry is changingattitudes toward investment. real estate investment.

"The psychology is switching," said William Sullivan, director of money market research at Dean Witter Reynolds Inc. "The new collective wisdom is that inflation is not going to get out of hand, as we

#### **Ecology Rally** In the Ukraine

MOSCOW (AP) - Thouenvironmental damage, a par-

Speakers discussed the 1986 nuclear accident at Chernobyl in the Ukraine, which has made an area with a radius of about 65 kilometers (40 miles)

They also mentioned a disease that has caused more than Chernovisy to lose their hair.

#### MONDAY Q&A



Page 2.

#### trade policy.

Yitzhak Shamir won the backing of Israel's two major ul-traorthodox parties. Page 4.

Business/Finance

U.S. investors are facing stiffer ices and less personal service as brokerages try to pass along higher costs. Pages 13-17. Mr. Teeter said on ABC-TV that administration might tolerate a lower dollar.

> The decline was precipitated by comments from Martin S. Feldstein, a Bush campaign adviser and a former chairman of President Ronald Reagan's Council of Economic Advisers, who said that the dollar should fall by at least 20 percent if the trade deficit was to be minated in the 1990s.

> Mr. Fuller, speaking on NBC-TV, said the president-elect did not support Mr. Feldstein's view. He said a drop in the dollar was not the policy of the Reagan administra-tion and would not be the policy of the Bush administration.

The damage to the dollar, coupled with the decline in financial markets after Mr. Bush's election Tuesday, highlighted the economic issues the new president will face when he takes office in January. Chief among them will be the need to negotiate with Congress on

ways to reduce the budget deficit, which was estimated at \$130 billion to \$140 billion for 1989. The economic team has got to be priority one," Mr. Fuller said. The team will be named soon after

Mr. Bush returns Tuesday to Washington from Florida, where he has been vacationing.

He said the group would meet with Mr. Bush and work out an

economic package - without new taxes - to present to Congress in early 1989.
Mr. Fuller has been mentioned as a possible White House chief of staff in the Bush administration.

He said the cornerstone of Mr. Bush's economic policy remained the need to hold down domestic spending while relying on economic growth to help balance the bud-

Senator Pete V. Domenici of New Mexico, the senior Republican on the Senate Budget Committee, said Sunday on CBS television that the problem of how to cut \$30 billion from the deficit would be solved by July or August of next Lynch & Co. and some other bro- year

"I'm not at all impressed with See CABINET, Page 7

Alexander Dubcek, left, receiving his degree Sunday from Bologna University, accompanied by the rector, Fabio Roversi Monaco.

# Dubcek, in Italy, Defends Prague Spring

By Clyde Haberman New York Times Service

BOLOGNA - Far from home, nd farther still from the Prague Spring of 1968, Alexander Dubcek looked back without apology here Sunday at his attempt to bring democratic change to Czechoslovakia, and at the Soviet tanks that turned his hopes to dust.

Two decades of enforced public silence have not undermined his conviction that his effort was and will continue to be - proved correct, the former Communist leader said.

"Twenty years ago, we defined as 'socialism with a human face' our movement for the rebirth of socialism," Mr. Dubcek said. "We wanted to express in the most precise and significant manner the relation between human values and

the aspirations of socialism. We to Mikhail S. Gorbachev, the Sovitried programmatically to unite socialism with democracy.

He added: "I must reaffirm here my clear conviction. Without the external intervention into the affairs of our party and of Czech society, our attempt would have been crowned with success. The necessary conditions were there in our society. It was, in this sense,

more mature than any other." The visit to Bologna was Mr. Dubcek's first outside Czechoslovakia since 1969, when for a short time he served as ambassador to Turkey after being removed as

Communist Party leader. He was permitted to make the journey to receive an honorary political science degree from the University of Bologna.

with university officials and professors, and they said later that their guest had spoken admiringly of Mr. Gorbachev.

In January 1968, when he became first secretary of the Czech Communist Party, Mr. Dubcek be-

gan a drive to curb police powers, ease censorship and bolster other civil liberties. All that came to an abrupt halt the following August when troops from the Soviet Union and other Warsaw Pact countries invaded Czechoslovakia.

Against his critics who accuse him of lacking awareness of what could and what could not be done Mr. Dubcek made no reference at that time, Mr. Dubcek insisted in

is not possible. et leader, in his formal remarks. But on his arrival Saturday he met "We search, we investigate what

practical," he said. "In the Prague Spring, in its internal development "If he cannot succeed," he was and its suffocation from outside, quoted as saying, "then no one everything is reflected in condensed form - the crises and possibilities of socialism."

> "There was, however, an atmosphere and a perspective quite different from today, when every form

#### ence to the UN resolution and had been accepted by a majority. But Georges Habash, leader of his speech Sunday, "We know what the Popular Front for the Libera-

tion of Palestine, told a closed session that it was futile to accept the can open the way to new developresolution unless the Palestinians ment for socialism, theoretical and were sure of getting something in return, delegates said. PNC will come out with a political decision and a program of peace."

"The signs of democracy," he continued, "are political discussion, tolerance, sensitivity, dialogue. I don't say that we always succeeded in this regard, but we tried. The intoxication over freedom of speech was at times truly excessive.

# peak raties before they fall. Stocks, on the other hand, are Progress on Arms May Set the Course for Bush setting less attention, not because

By Joseph Fitchett

Similarly, with so much talk of a PAKIS -Money, which was part of the solution for Ronald Reagan in U.S. foreign slowdown, and maybe a recession, policy, is going to be a large part of George home prices have stagnated in parts of the United States, discouraging

Mr. Reagan, after lowering taxes, pursued a military buildup that restored U.S. prestige abroad and eventually helped obtain arms-control concessions from the Soviet Union. Because of the uncertainty about the future, Americans are showing a great preference for the safety of His popularity, for much of his term, intimidated Congress and prevented it from chal-In effect; they have concluded lenging this strategy. that "there is more danger of a recession than a boom," said Rich-

Mr. Bush, in contrast, may be tempted to monstrate quickly his ability to do business with the Soviet Union on arms control. now the centerpiece of East-West negotiations on global security.

An early success might enhance Mr.

Bush's stature with U.S. allies and set the tone for constructive relations with the Dem-

ocratic-controlled Congress, giving him a gress and abroad, is hamstrung by laws — allies, mainly Israel, and gratify public opin-better chance of exerting leadership on the voted in anger at Mr. Reagan's spending — ion in other allied nations, notably in West ministration. In addition, a major new arms-

#### **NEWS ANALYSIS**

control accord might permit Mr. Bush to escape a U.S. budget crunch by economizing on some expensive planned weapons.

In security affairs, Mr. Bush's central challenge is to forge a coherent policy within the alliance to cope with the changes promoted by Mikhail S. Gorbachev. If he fails, West European governments, still unable to agree ng themselves on an East-West agenda, may drift separately into unbalanced agreements with the Soviet Union.

But Mr. Bush lacks the kind of financial leverage that Mr. Reagan enjoyed. Mr. Bush, as both his foes and friends know in Con-

deficit

Thus, he may have to choose between reneging on his promise never to raise taxes or else cut spending on such traditional levers of diplomacy such as the military budget and foreign aid.

Mr. Bush's first initiative is therefore liketo be a modest effort to get the Soviet Union to join Western governments in trying to stop sales of chemical weapons and ballistic missiles to Third World nations.

Although industrial nations are not directly threatened by these weapons, their proliferation, particularly in the Middle East, has provoked alarm. Successfully bringing the Soviet Union into an arrangement on chemical warfare and on missile technology would alleviate a direct military threat to some U.S.

An issue that might appeal to Bush strategists is that of chemical-weapons proliferation, which was largely ignored by the Reagan administration. Action on the problem would not involve any extra U.S. spending. On overall security policy, Western Eu-

rope is expected to draw more attention than sia. The authority of U.S. leadership, however, will depend on the Bush administration's performance in handling Mr. Gorbachev's impact on Western Europe. Because of Mos-

cow's conciliatory tone, European concern See POLICY, Page 7

Voters doubt that Bush can avoid a tax increase, a poll shows. Page 3.

during the Arab-Israeli war, calls for an end to fighting, implementation of Resolution 242, and for ne-

> el toward "a just and durable peace in the Middle East." The United States has made PLO acceptance of Resolution 242

one of its conditions for allowing the organization to take part in an international conference on the Middle East. Washington also wants the PLO

to recognize Israel explicitly and to renounce violence. These are concessions that the Palestinian leaders meeting in Algiers say they are not prepared to make.

(AP, Reuters) ■ Israel Remains Skeptical Glenn Frankel of The Washington

# Pacific Alarmed by U.S. Waste Plan

By Michael Richardson

ard B. Berner, an economist at Sal-

But is this pessimistic view justi-

There is no question that the

See ECONOMY. Page 12

omon Brothers.

International Herald Tribune
SINGAPORE — U.S. companies dealing in waste disposal are planning to ship huge amounts of Pacific region to evade restrictions at home, according to anti-pollu-

Under one of the proposals, millions of tons of household garbage from the West Coast of the United States would be used for land reclamation in the Marshall Islands in the Pacific.

Officials and company represen-

tatives confirmed that detailed site studies would begin later-this Admiralty Pacific Inc., the U.S. company promoting the plan, said all the garbage would be nontoxic. But Jim Vallette, who has studied the trade in toxic waste for nearly two years for Greenpeace, common heavy metals found in

the environmental group, and is household and other municipal

considered an expert in the field, garbage included mercury, lead, said that the proposal was "an at-tempt to avoid U.S. pollution concadmium and chromium.

In a telephone interview Thursgarbage and poisonous waste to the day, he said that extraction of all toxic material from the garbage would make the proposed venture unprofitable. "It would be an enormous task that would make their project so costly it would be eco-nomically unworkable," he said.

> In every ton of U.S. garbage, Mr. Vallette said, there are about 20 pounds (about 9 kilograms) of such toxic material as cleaning fluids, solvents, lead-based paints, motor oil, pesticides and insecticides. Pat Costner, an industrial chemist who is research director of a

land fill on a Pacific atoll would result in the leaching of both heavy metals and toxic chemicals into the marine environment.

Greenpeace campaign against toxic

Many of these toxins, she said, are "bio-cumulative poisons which concentrate in the tissues of living creatures, such as fish and other marine life, on which islanders depend for food."

Since 1987, five Pacific islands American Samoa, Papua New Guinea, the Solomon Islands, Tonga and Western Samoa — have rejected proposals by U.S. brokers to build large incinerators on their territory to burn hazardous waste shipped from the United States. Officials said the brokers offered waste in the United States, said in a telephone interview on Friday that the governments of the islands a share in the profits, which they said

See TOXIC, Page 7



Georges Habash, left, hearing a plea Sunday in Algiers by Paul Cools of Belgium for help in freeing his son, Jan, a hostage in Lebanon.



Relaxing, the president-elect is splashed by the surf as he casts a line off the Florida coast.

# For Bush, Transition Means Sun and Sea

By Gwen Ifill

Wushington Post Service DELRAY BEACH, Florida — There are

transitions, and then there are transitions. President-elect George Bush's current definition of Washington's currently favorite noun means two acres of beach-front privacy, a neighboring 18 holes of verdant golf course, a hot Florida sun and maybe a fishing trip or two during a post-election vacation that began here Thursday night. He will return to Washington

Call it the Florida transition. The sea is turquoise, the beach sandy white and the pace tortoiselike as Mr. Bush decompresses from that frenetic final week of campaigning that took him careening around the country through multiple time zones to a screeching electionnight halt in Houston. And then on to Wash-

on Tuesday.

ington the next day. Mr. Bush, his wife Barbara and their dog Millie were whisked out of the capital Wednesday evening aboard Air Force One - a tribute

with old family friends, a millionaire horse breeder named William Stamps Farish 3d and his wife Sarah.

Mr. Farish, who manages Mr. Bush's blind trust and has known him since their oil days in Texas, lives in Gulf Stream, a community of 550 residents that is home to a score of secluded mansions, two sprawling golf courses, a private school and an 11-member police force.

overturned mailbox along tiny Route Al-A, has been strained to the limit with the arrival of the president-elect, his security men and reporters. For the most part, the natives seem pleased but unflustered by the attention.

The force, for whom a crisis is normally an

"VIPs live all over this town," said Sergeant Gene Williams of the Gulf Stream police force. who patrolled the palm-lined Farish driveway Friday. "But I guess this is the number one

Mr. Farish, the grandson of the founder of Humble Oil, was on Forbes magazine's 1984

to their new status - for a visit to Delray Beach list of America's 400 richest people. A horseman active in polo and racing circles, he has twice received Queen Elizabeth II at his Lexington, Kentucky, home.

The Farishes' newly built three-bedroom Florida house, painted a sun-washed yellow and visible only from the beach, has become a fortress during the president-elect's visit.

But the cordoned-off beach has proven no barrier to enterprising camera crews, who patrol the shore by helicopter and rented boats. Stephen Hart, a spokesman for Mr. Bush and one of the few staffers brought along, said Thursday that Mr. Bush spent the bulk of his

day exercising and resting: a long swim, a 20minute run and a nap. But the president-elect did spend some time on the telephone Friday morning - poolside, of course - accepting congratulations and extending thank-yous to people who worked on his behalf, including Governor Carroll A.

See BUSH, Page 7

# Gephardt Says Democrats Will Be 'Aggressive' Over Trade

Known for his firm positions on is a good deal of unrest and dissatisfac trade issues, Representative Richard A. Gephardt of Missouri sponsored tough legislation last year that influenced the omnibus trade bill signed in August by President Ronald Reagan. Mr. Gephardt, 47, who sought the Democratic presidential nomination. was elected last week to his seventh term in the House, where he is chairman of the Democratic Caucus. In Tokyo to launch a promotional project for the exports of small and mediumsized U.S. companies, he spoke Sun-day with Patrick L. Smith of the International Herald Tribune.

Q. You won your election by a substantial margin, but so has George Bush. How does the U.S. presidential election reflect on the mood in America, particularly with regard to U.S. trade problems?

A. In essence the election was a ratification of present policy or at least [indicated] a hope that the present economic situation will continue. I do believe there

tion with regard to trade policy. Americans feel we are losing good-paying jobs to other countries and that our standard of living is ultimately threatened. However, the unemployment rate, the inflation

#### MONDAY O&A

such that people were not willing to change the presidency.

Q. What is the Democratic strategy going to be in Congress? Many commentators have noted that Mr. Bush may have a more difficult time with Congress than Mr. Reagan. Is it going to be a tough

A. We're going to be aggressive and assertive on the Democratic side, for inassertive on the Denictanc and, for in-stance on trade policy. We've passed a new trade bill, which partly reflected our dissatisfaction with the Republicans' lack of aggressiveness. We will be watching closely to see that the administration is enforcing that bill and using it to force open foreign markets.

Q. And on the budget question? A. There will be a good deal of difficulin agreeing on how to deal with the deficit. Bush ran saying he would not raise taxes, cut defense spending or re-duce entitlements. If that is the stance, I can't see much progress on deficit reduction. Ultimately the budget forces everything else off the agenda. You can't do much about the environment, education rate and all of the other indicators were or health care if you don't have money, and it's not likely we'll attack those problems very vigorously.

> O. The administration has been very comfortable with Japan over the past year. Secretary of State George P. Shultz called it the best year he could remember

in bilateral relations. What is your view? A. I'm glad he's satisfied with a \$60 billion trade deficit. I can't imagine how anyone could be. We do have a strong relationship, and no one is suggesting that be damaged or changed. Where the administration falls down is in being more aggressive about getting the Japanese to open their market. We have cut funding for the Foreign Commercial Service [which aids U.S. companies abroad]

and for almost every other part of the government that could help us export. O. Mr. Shultz was talking specifics. The dispute over beef and oranges has been solved, construction access has

A. These issues have not been solved. There has been limited progress on both fronts. There have been statements and agreements, but we still haven't realized the ability to enter those markets that we want. Beyond that, the real challenge is how we can sell more manufactured

Q. Elsewhere in the region, one senses increasing restiveness with U.S. officials who lump such countries as Taiwan and South Korea together with Japan.

A. They should be treated separately, but they're not Third World countries. They've come a good way past that, and they have to open their markets as well. I've also been concerned about their actions with regard to monetary reform. The Treasury recently published a report saying that South Korea and Taiwan had been negligent in not letting their curren-

more than 40 percent over the past cou-ple of years. Isn't that sufficient? A. The point is to let the market deter-mine that, and not have it be calculated by the Taiwanese to achieve some economic goal.

Q. Are you concerned about anti-

Americanism in the region? A. We all gain from open markets.
Rather than be afraid of opening them, we should look forward to them. I have high respect for the Japanese, the Tai-wanese and the South Koreans. We shouldn't confuse disagreement with dis-

Q. There are discussions in both Washington and Tokyo on graduating the bilateral relationship into something more institutional - a free-trade agreement or something similar. Is this important to

A. It's an ultimate goal. As a near-term goal it's too ambitious. We can begin talking about a broader range of items, rather than one commodity at a time. But to begin negotiating a free-trade treaty ies float.

Q. The Taiwan dollar has appreciated expectations too high.

**Key Route** 

Said Cut in

Afghanistan

LAHORE, Pakistan - Afghan

guerrillas say that they have blocked the road north from Kabul

to the Soviet border in an offensive

that has killed 20 Soviet soldiers.

The road, the Salang Highway, is important in supplying Kabul with arms and other supplies and as an exit route for heavy Soviet equip-

There was no independent con-

firmation of the report, issued on

Saturday by the Islamic Society

guerrilla organization, which said

ive guerrillas had died in the fight-

spending troop withdrawals. The Soviet Union has pledged in

Soviet land convoys have to use

the Salang Highway and had made

their way out of the country unim-

Ned Walker, director of public

Mr. Walker said Continental

solved its service problems and no

longer needed the discount fares to

compete with other carriers. For

Continental is owned by the Tex-

### WORLD BRIEFS

#### Namibia-Angola Talks Are Extended

GENEVA (Reuters) — Angola, Cuba and South Africa decided Sunday to extend U.S.-mediated talks on peace in Angola and South-West Africa into an unscheduled fourth day and planned their first joint meeting of the current negotiations.

Sources said the joint session would be to discuss progress made by Chester A. Crocker, the U.S. mediator, in separate meetings with South African, Cuban and Angolan representatives.

The negotiators are trying to agree on a timetable for the withdrawal of an estimated 52,000 Cuban troops from Angola in return for the independence of South-West Africa, also known as Namibia, after 73 years of

#### U.S. Anti-Drug Campaign Criticized

WASHINGTON (WP) — Despite more than \$100 million in funding over the past four years, U.S. anti-drug efforts in Colombia and Bolivia have been almost entirely ineffective, the General Accounting Office reported. It said the cultivation of drug crops has increased dramatically in both countries.

The strongly worded report contrasts sharply with State Department claims that programs being funded through its Bureau of International Narcotics Matters are achieving some success in Latin America. During the last fiscal year, the bureau provided \$98.7 million in anti-narcotics aid to 11 nations, including \$15 million to Bolivia and about \$11 million to

The report said, however, that these programs have had so little impact that the amount of South American production of coca — from which cocaine is made — doubled between 1982 and 1987. The report said that Peru, Bolivia and Colombia accounted for almost all of the increase.

#### **Brazil Refinery Strike May Spread**

RIO DE JANEIRO (AP) — Tens of thousands of oil refinery workers were on strike for higher wages Sunday. Eight of Brazil's 10 refineries were at a standstill and stocks of fuel running low.

"The strike continues and adhesion is higher daily," said João Borges, director of the Rio de Janeiro Petrol Workers' Union. "We expect that by Monday, the remaining two refineries will be forced to close and offshore

About 42,000 of the country's 60,000 oil refinery and platform workers went on strike Friday. They seek pay increases of 154 percent to make up for losses caused by inflation, which is running at 28 percent monthly.

#### One Dead in Lebanon UN Post Siege

JERUSALEM (UPI) - An Palestinian gunman who was believed to be under the influence of drugs or alcohol killed a civilian Lebanese interpreter on Sunday at a UN post in southern Lebanon before being overpowered by Finnish soldiers. The capture of the man ended a 19-hour

The gunman, along with three other men and a woman, had overpowered a guard Saturday night at the post near Taibe, Lebanon, a spokes-man for the UN Interim Force in Lebanon said. They were armed with hand grenades and automatic weapons, the spokesman, Timor Goksel, said. He said the intruders apparently were lost and had demanded to be taken to the Lebanese port city of Sidon.

Negotiations were begun, and four of the intruders surrendered Sunday, Mr. Goksel said. They said they were members of the Fatah faction of the Palestine Liberation Organization. The Moslem Voice of the Nation and Palestine Liberation Organization. Nation radio, monitored in Berrut, quoted security sources as saying that, the group apparently was on a mission to attack Israeli targets near the Israeli-Lebanese border, which is less than two miles (three kilometers) from the UN post.

#### El Salvador Rejects Leftist Truce Call

SAN SALVADOR (Renters) — Colonel René Emilio Ponce, chief of the Salvadoran armed forces, has dismissed a call by leftist rebels for a truce during the Organization of American States assembly here next

"I have received no orders to suspend operations," Colonel Rene Emilio Ponce said Saturday.) He said captured rebel documents spoke of turning the area of the assembly venue into a "war zone" when a five-day

truce called by the rebels ended on Friday.

Senior commanders of the Farabundo Marti National Liberation
Front in Mexico City declared the truce beginning at midnight Sunday
and appealed to delegates to back their call for a negotiated solution to
the war, which has claimed 65,000 lives in the past decade.

#### Kohl to Meet With Reagan and Bush

BONN (Reuters) — Chancellor Helmut Kohl of West Germany will say farewell to President Ronald Reagan and greet the future president, George Bush, during a trip to the Umited States that begins Monday, A government spokesman, Friedhelm Ost, said Mr. Kohl would see Mr. Reagan and Mr. Bush on Tuesday, making him the first foreign head of sovernment to meet the president elect rnment to meet the president-elect.

Mr. Kohl is to give the keynote address Monday at a New York ceremony marking the 80th birthday of Simon Wiesenthal, head of the

#### Kin of President Is Slain in Haiti

PORT-AU-PRINCE, Haiti (NYT) — A brother-in-law of Haiti's president was found murdered Saturday in his car on a busy street in the

capital, the police said. Officials identified the slain man, whose body was reportedly riddled with bullets, as Louis-Marie Bonnet. His wife is a sister of Lieutenant General Prosper Avril's wife, Marie-Ange Nazon.

There was no immediate statement from the presidential palace, where General Avril, a longtime confidant and adviser to the Duvalier dictators, was installed in a coup in mid-September.

#### For the Record

Yuman earthquake damage was estimated by Chinese regional officials Sunday at more than \$268 million, but they said the death toll of 938 was not expected to rise substantially.

#### TRAVEL UPDATE

#### **Italian Air Controllers Call Strikes** ROME (AP) - Alitalia Airlines and its domestic subsidiary, ATI.

ROME (AP) — Attains Arimes and its domestic subsidiary, ATI, announced that dozens of flights would be canceled Monday and Tuesday because of strikes called by air traffic controllers.

All national and international flights to and from Milan, Turin, Geaoa and Pisa will be canceled from 7 A.M. to 7 P.M. Monday during the walkout. On Tuesday, flights to and from all Italian airports, including Rome's Leonardo da Vinci airport, will be canceled because of a nationwide strike from 7 A.M. to 8 P.M.

#### U.S. Agency Offers Booking System:

NEW YORK (NYT) — A computerized booking system for hotel guests allowing them to make hotel airline or car rental reservations in their hotels will be introduced Monday by a Miami-based travel agency. Edd Helms, founder and president of Hotelecopy Inc., said that the system, called Hoteleticket, would allow hotel guests to make reservations by calling a central reservation clerk in Miami through a toll-free number. After the clerk checked the person's credit, a satellite printer in the guest's hotel would then produce the appropriate tickets. Airline tickets come with boarding pass and seat assign

A private ferry service between Boston and Martha's Vineyard has been denied a new license to operate by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority.

#### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because national and religious holidays:

MONDAY: Colombia, Ciuinea Bissuu, Jordan

TUESDAY: Brazil. WEDNESDAY: West German

THURSDAY: Zaire.

FRIDAY: Haiti, Morocco, Oman SATURDAY: Belize, Mali, Monaco, Oman, Puerto Rico. SUNDAY: Mexico.

Source: Morgan Guarante Trust Co., Retuere

# Barry's Sew-York Barr ® Est 1911 "the Birth place of the Bloody Mary"

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# **Intellectuals Denounce Planned Soviet Shifts**

By David Remnick

Washington Post Service
MOSCOW — Leading figures in what has long been considered President Mikhail S. Gorbachev's prime constituency — the Moscow intelligentsia — have denounced the Kremlin leader's proposed changes in the Soviet political system as a dangerous step backward.

The sharp attack on Mr. Gorbachev's constitutional reform pro-gram came at a meeting Saturday of a group called "Moscow Triwhose membership includes some of the best-known and most influential pro-reform intellectuals in the capital, including the play-wright Mikhail Shatrov, the historian Yuri Afanasyev, the poet Andrei Voznesensky and the human-rights activist Yelena G. Bonner, the wife government actions. of the physicist and dissident Andrei D. Sakharov.

raised by members of the group was that the draft laws on political reorganization dely Mr. Gorba-chev's stated intention: to transfer power from the Communist Party to the people in the form of elected

Such laws, they said, would prevent such nonparty groups as the recently emergent popular fronts in the Baltic republics from running candidates for the Soviet legislature and do nothing to prevent one

Exceptional Sales NINA RICCI Leather-Goods

and crocodile Bags Fashion Accessories Tuesday 15th and Wednesday 16th November from 10.00 a.m. to 6.00 p.m. MORUE DES CAPUCINES

THIRD PLOOR

man from holding the top position in the government and in the party. Since Oct. 1, Mr. Gorbachev has held both posts, and he is expected to retain them after government elections set for the spring.

"This will not suffice," Anatoli Butenko, a professor at Moscow State University and a well-known writer, told the gathering. "The vast majority of the people are not party members, and they took no part in all of this. The party decided everything even though they constantly talk about democratiza-

tion. What kind of glasnost is this?" Mr. Afanasyev, the historian Mikhail Gefter and a number of other intellectuals formed Moscow Tribune last month with the hope that it would study and criticize

Although the government has called for a "nationwide discus-Chief among the criticisms sion" on the constitutional changes, Moscow intellectuals and activists in the Baltic republics are concerned that the debate will be too short and too late.

In his remarks, the historian Leonid Botkin said the party was badly mistaken" to have issued complete draft laws without first consulting nonparty jurists, activists and scholars, and then to have called for a vote on the new proposals in the Supreme Soviet, or legis-lature, just a month later, on Nov.

"It's impossible to understand how, in a time of radical reform, and how on a label of the control of the contr they could have taken such an approach," Mr. Botkin said. "We have been waiting a thousand years "There never really was a constifor democracy in this country. Why can't we wait another three said.



The guerrilla commander in the region had threatened to block the route a week ago in response to Moscow's introduction of new planes and missiles in Afghanistan

months? But the train has already

left the station." The Soviet government has rewritten its constitution four times since the 1917 Bolshevik Revolution. The last revision came in 1977 under President Leonid I. Brezhnev, and Western scholars say it assigned more power to the Communist Party than even the 1936 constitution framed under Stalin. Leonid Volkov, a writer active

"There never really was a consti-

something written on a piece of paper, but a collection of legal prin-ciples, ideas and relationships. And these questions are just not worked

Reaction to the draft laws from traordinary political repercussions petitions protesting the constitutional changes, and an emergency session of its legislature scheduled for Wednesday may consider proposals to exercise veto power over tution in this country before," he lirectives from Moscow.

"In a sense," he added, "this is Pravda and Izvestia, have carried the first. A constitution is not just only mild criticism of the draft laws, but the letters column in the weekly Moscow News has indicated that concern about the changes is not limited to members of Mos-

the country at large could have ex- a party member and construction for the Kremlin. In Estonia, for Sochi, wrote recently: "The pro-example, hundreds of thousands of posed legislation says, 'As a rule, signatures have been collected for ballots should list more candidates The chief national newspapers,

peded until the guerrilla offensive

for every seat."

#### SAKHAROV IN WASHINGTON — Andrei D. Sakharov, the most prominent Soviet dissident, being greeted in Washington by Lyuda Yevsyukov, a Soviet immigrant. Mr. Sakharov, who was awarded the Nobel Peace Prize in 1975, is scheduled to meet Monday with President Ronald Reagan. and its announcement that it was accords signed in Geneva to com-plete the withdrawal of its forces by

One correspondent, identified as engineer from the Black Sea city of than there are seats.' I suggest that

#### 2 Flee to West Germany The Associated Press

HANNOVER, West Germany — Two East Germans climbed bor-Article 100 in the constitution and der fences and escaped to West Article 9 in the proposed law on Germany near the West German election of people's deputies should town of Göttingen during the say it straight: There should be at weekend after their plan to ram a least two candidates on the ballot truck through frontier barriers failed, the police reported.

# U.S. Airlines Dropping a Popular Discount Fare

By Agis Salpukas
New York Times Service

NEW YORK - Most major U.S. airlines plan to sharply curtail tickets that are reserved three to one of their most popular fares seven days in advance, forcing peo-

THE MILLENNIUM WATCH.

Visit Alfred Dunhill in London, Paris, Düsseldorf, Munich.

The change will end discounts on starting Tuesday as part of a broad ple traveling on short notice to pay overhaul of the discount programs much higher regular fares.

The change comes just before the have to set ceilings on fares. But he on Tuesday in markets where they hanksgiving period and the start said it was unclear how new price compete with Continental. travelers hundreds of millions of Thanksgiving period and the start dollars.

Thanksgiving period and the start of the heavily traveled winter holi-

> The next available discount fare has a 14-day advance-purchase re-quirement and other restrictions, such as staying at the destination over a weekend. Such conditions mean that most business travelers will not be able to use the fares.

The discount to be eliminated imounted to as much as 25 percent on some heavily traveled routes. For example, the Newark-to-Houston fare with the discount was \$305 one way, compared with a regular coach fare of \$405.

The move raises once again the concern that deregulation of the airline industry may in the long run force passengers to pay higher fares than they would have when the industry was regulated.

"I'm troubled," said Alfred E. Kahn, who was chairman of the Civil Aeronautics Board in 1977 and 1978 when the industry was

than they were when the industry's country. fares and routes were regulated by He said that "if it gets bad

Washington Post Service

fairs, said in an interview.

controls could be imposed equita-bly and yet keep the competitive atmosphere established since de-

trouble is that it's almost impossible to do." Melvin A. Brenner, an economist and minimum stay requirements

said the higher prices were "unfair to the customer." He said the large carriers were using the freedom of deregulation to gain monopolies on the markets they serve. He and Mr. Kahn acknowledged

very high complaint rate, which it wide use. has brought down considerably in Regular coach fares will not increase because of the changes, the

airlines said. The move is being led by one of as Air Corp., which also owns Eastthe nation's largest airlines, Conti-Mr. Kahn said certain types of nental, which put the fare restructuring into its computer system late taxing much higher fares, last week. The change is expected any major carrier, often cut fares to the system adjusted for inflation. ers, were paying much higher fares,

relations for Continental, said the airline plans changes in other disregulation. count fares next week. Those "It's a nightmare," he said. "The changes are expected to involve the Maxsaver fares, a widely used discount ticket with advance purchase

who once worked for American and cancellation penalties. Airlines and Trans World Airlines, Mr. Walker said that, in most instances, the Maxsaver fares on long trips will go up while the fares on short trips will go down. took the action because it had

that prices were still lower overall than they were before deregulation, with inflation taken into account, more than a year, Continental had many flight cancellations and a but they noted that this was largely because of discount fares and their

even when adjusted for inflation, to affect most major markets in the gain market share from its competi-

#### Other big carriers, like Delta, American and Northwest Orient, have acted in recent days to elimitiated some fare increases that othenough," the government might nate the short-notice discount fare er carriers copied.

# Citing the Costs, Managua Delays Elections

party, said that the economy was in "extremely critical" condition after hoped to capitalize on discontent the local elections.

But Mr. Carrion said last week and cities in Nicaragua. In an interthat it would be too costly to hold view in June, President Daniel Ormayoral elections next year and presidential balloting, as required by the constitution, in 1990. The current plan is to hold them simultega Saavedra said the vote would probably be held in March or taneously, he said.

#### MANAGUA — The govern-ment plans to postpone until 1990 more than \$900 milion in damage. more than \$900 million in damage. municipal elections that were ex-The government had pledged to hold elections in 1989 to choose mayors for the hundreds of towns But Mr. Carrion said last week that there was substantial agreemanyors for the hundreds of towns pected next year because it cannot afford to hold them, Luis Carrion Cruz, the minister for economic af-

Liberation Front, the government The flavour of an island

in a single malt.

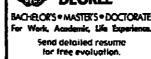
Mr. Carrion, one of the nine top

eaders of the Sandinista National

**Isle of Jura** SINGLE MALLI SCOTCH WHISKY







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# BRIEFS

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UPDATE

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Canadians Can't Be Had for a Song

As Mulroney Is Now Finding Out

By Herbert H. Denton TORONTO — When Brian

Mulroney was a poor boy, growing up in a backwoods Quebec mill town that produced neuromill town that produced news-print for the Chicago Tribune, he would be summoned for command performances whenever the newspaper's legendary owner, Colonel Robert R. McCormick,

With a fine soprano voice, young Brian would stand on a piano in the dining room of the town's one fancy hotel and sing "Desrie" and other Irish ballads for the delighted colonel, who would reward him with tips. Years later, in 1985, when Mr.

Mulroney became prime minister of Canada and President Ronald Reagan came up on a state visit. he stood on a stage with Mr. Reagam and sang in a rich baritone, "When Irish Eyes are Smiling."

Mr. Mulroney revels in those displays of musical affection for American friends, but the memory makes many of his countrymen cringe. For them, the singing suggests a certain servility and nour-ishes their nagging fears that he may be too eager to please the

This anguish drives the concern of Canadians about Mr. Mulroney's commitment to an independent Canada. It hangs over the hotly contested political cam-paign for the Nov. 21 elections in which the U.S.-Canadian free trade agreement he negotiated with Mr. Reagan has become the central, highly emotional issue. The pact, which would take effect Jan. I, proposes removing virtual-ly all hindrances to the flow of goods between the United States

and Canada over the next decade. Mr. Mulroney began the cam-paign Oct. 1 with a strong early lead but fell sharply in the polls after his opponents launched an all-out attack, accusing him of "selling out" Canada in the deal.

Although they cite no hard evidence from the agreement, the op-position Liberal and New Democratic parties have convinced large numbers of Canadians that the pact threatens Canadian sovereignty and puts in jeopardy the country's generous social programs, according to several polls. Mr. Mulroney adamantly de-

nies, this, and nearly all experts who have closely examined the agreement concur. But he is having a hard time convincing the electorate. Acknowledging voter mistrust of the prime minister, Bill Fox, one of Mr. Mulroney's chief advisers, said: "They still believe he's singing for the colo-

Opponents argue that the removal of trade barriers would inevitably force Canadian firms to harmonize such things as costs and employee benefits with the

practices of U.S. companies.

Canadians pay higher taxes than Americans do to support an array of social programs, the most cherished of which is a government-supported universal medical insurance program. But oppo-nents say this would be unlikely to continue if both countries are more closely integrated economi-

The critics have also seized on a section of the pact that calls on Canadian and U.S. negotiators to agree on definitions of fair and unfair export subsidies, a move that critics say could force Canada to abandon many social services not available in the United

Most Canadians tend to view the United States with a complex mixture of admiration, eavy and fear. They think Canadian-U.S. relations got too prickly during the 11-year reign of former Prime Minister Pierre Trudeau. Now they are concerned that Mr. Mulroney has got too close.

The political campaign also comes at a time when English-



Prime Minister Brian Mulroney meeting a supporter at a campaign rally in Quebec City.

speaking Canadians, especially artists, scholars and intellectuals in Ontario, are groping to define a

The prospect of closer economic relations with the United States that could lead to greater political and cultural integration has become the catalyst for a national lebate on what is unique about Canada and what is threatened.

Unlike many of his country-men, and many of his predeces-sors as prime minister who fought with American presidents, Mr. Mulroney has always felt comfortable with Americans. He is particularly fond of the Horatio Alger story of rags to riches success, which in many ways mirrors

Mr. Mulroney also has a flashy style and a penchant for boasting d exaggeration, which is not held against him in Quebec but which causes him problems in English-speaking Canada. His gifts as a salesman and a deal maker exacerabate suspicions about

"It is Mulroney's singular misfortune on television to look phony even when he's being natural, Jeffery Simpson, a columnist for the Globe and Mail of Toronto. wrote in a recent, mostly favorable magazine portrait of the

prime minister. A poll by the Canadian Broadcasting Corp. released Thursday found that exactly half of all voters felt that Canadian political independence was at risk and nearly as many worried about the impact of the trade agreement on

their social programs.

Although a Gallup Poll published Monday put the Liberal Party shead of Mr. Mulroney's Progressive Conservatives, other opinion surveys, including polls released by CBC and the Globe, have indicated that the two parties are now running neck and neck, with the New Democrats a distant third.

The Liberals have made major inroads in Ontario, a bastion of Canadian nationalism, and in At-

area's poorer provinces are fearful that the trade agreement might mean the loss of government subsidies that bolster their econo-

The Conservatives are still strong in western Canada, which is rich in natural resources, and in Ouebec, where because of the French heritage there is less fear that closer economic relations with the United States will mean a

loss of political identity.
But residents of Quebec have become more concerned recently over charges that social programs are threatened, and many regard the fight for -Quebec to be the most important.

One possibility is that no party will win a majority of seats. This would more than likely spell the

death of the trade agreement. Significantly, all the major polls indicate that most people rate Mr. Mulroney's competence as prime minister higher than that of his adversaries, although he gets low marks for honesty and

in the first 10 months of Mr. Cere-

port, a respected weekly based in

Most of those killed, the rights

group said, were peasants and left-

ists, such as students and union

organizers.

# **Voters Doubt Bush Can Avoid** A Tax Increase, a Poll Shows

By David S. Broder and Richard Morin Washington Post Service

WASHINGTON — American voters may have read his lips, but they still doubt that President-elect George Bush will manage to keep his campaign promise not to raise taxes, according to a recent Washington Post poll.

Almost eight of 10 people in a survey of 599 likely voters, who were interviewed for four nights ending on Election Day, said they would like to see no tax increases in the next four years. But only one in three expected to see that hope ful-

Those who supported the Democratic presidential nominee, Michael S. Dukakis, were virtually as eager for a tax freeze as Bush backers. But they were dubious, and the Bush backers even more so, that the next president would be able to avoid a tax increase. The survey showed that, if the

American people could set the agenda for the Bush administration and the 101st Congress, the top items would be:

• Effective programs to fight the drug problem.

• Another major nuclear arms reduction agreement with the Sovi-

• More federal aid to help clean

the environment, • A 50-percent reduction in the

U.S. budget deficit.

On a list of 14 promises made by one or both candidates in the cam-

#### U.S. Hostage Dunned by IRS

The Associated Press BEIRUT - The wife of Alann Steen, an American hostage, said Sunday that her husband received a bill from the U.S. Internal Revenue Service requesting payment of his 1984 taxes within 30 days. Mr. Steen has been a captive for more than 21 months

"At first I was angry but then I laughed." Virginia Steen said. "You cannot talk to a computer but you would believe somebody would look at what they are doing." She said her husband was in Beirut in 1984 and was exempt from

In Washington, an IRS spokesman, Scott Waffle, said he could not comment on the matter. Mrs. Steen declined to disclose the sum the IRS said her husband owed.

paign, those four commanded the had labeled the "star wars" prohighest support.

had labeled the "star wars" program "a fantasy," and his support-

Bipartisan majorities of about 90 percent or more said they hoped those goals would be met. But their expectations varied enormously. Only one-third expected to see the budget deficit cut in half, while two-thirds or slightly more thought that the drug, environmental and

arms-control goals were realistic. There was hardly any difference between Bush and Dukakis supporters in their desire for action in those four fields. The House majority leader,

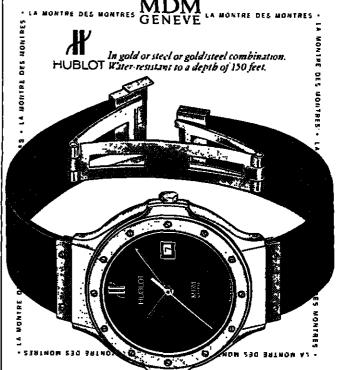
Thomas S. Foley, a Washington Democrat, said that the survey suggested "plenty of areas of common approach" for the president-elect and the new Congress. But he said the agenda was "largely unrati-fied" because Mr. Bush ran "such a negative campaign." A possible signal of future trou-ble for Mr. Bush can be found in

the weak support shown for his stated goal of providing more mon-ey to develop and test the Strategic Defense Initiative championed by President Ronald Reagan.

By 56 percent to 36 percent, the respondents said they had no desire to see that happen. Mr. Dukakis ers were opposed by almost 4 to 1 to greater spending on it. But among Bush supporters, SDI commanded only a 5-to-4 advantage.

Freezing taxes was part of a second tier of agenda items, each commanding support from three-fourths or slightly more of the voters. Restoration of voluntary prayer to classrooms, an issue Mr. Bush took over from President Reagan, shared this category with two items that Mr. Dukakis promoted in his losing campaign: health-insurance for all employees and their families, and legislation that would make it easier for students to borrow money for college and repay it from future carnings





BARCELONA: Soler Cabot . BRUNELLES: Verhoogen . DÜSSELDORF: Wempe . FIRENZE: Calosci, Coppens - FRANKFURT: Wempe - GENELE: Chimento, Benoît de Gorski. Clarence, R. Zhinden • HAMBURG: Wempe • HONG KONG: Dickson, Sunny . IONDON: Garrard, Hulson Jewellers, David Morry, The Watch Gillery, Waishes of Suntzerland - MADRID: Montejo - MILANO: Fiumi, Gobbi, Vergs - MÜNCHEN: Vempe - NEW YORK: Fred, Wempe - PARIS: Fred, Wempe -ROMA: Bedett, Martim - SINGAPORE: The Hour Glatt - TOKYO: Jewel Gallery - VENEZIA: Salvadori - WTEN: Schulim - ZÜRICH: Barth, Galli, Messter.

# Leftist Truce Guatemala Rights Violations Reported to Increase

By Lindsey Gruson
New York Times Service

GUATEMALA CITY - Homan rights violations, including kidnappings, torture and murder, have sharply increased in recent months, especially in rural areas where government authority is weakest, according to rights moni-tors, Roman Catholic Church offi-cials and Western diplomats here.

their call for a negotiated mic h Reagan and Be of civilian government, Guatemala remains one of the worst human Reagan and greet the future United States that begins he edhelm Ost, said Mr. Kohl #

reversed itself in the cities. And in the countryside, there's a de facto military dictatorship. Nothing has

Some diplomats say that an attempted coup six months ago polit-ically eviscerated President Marco Vinicio Cerezo, a would-be reformer, and removed the few remaining constraints on radical right elements within the armed forces.

kidnappings, disappearances and murders of labor leaders, union orsaid Anne Manuel, an observer for ganizers and leftists have increased Americas Watch, a privately fi- almost every month, human rights nanced rights organization based in observers and diplomats said.

unable to control the army, they say that the administration of Mr. Cerezo, a Christian Democrat, is a free society.

Since then, politically motivated

While even close advisers to the which ended 16 years of often brupresident acknowledge that he is tally repressive military rule, dis-They said the increase in the first, small step toward building a number of murders was part of a

"This is a transition govern-ment," said one of Mr. Cerezo's advisers, who asked not to be fur- driguez, chief spokesman for the ther identified. "We haven't army, compared the killings to changed the structure of violence, gang violence in Chicago in the but we've begun to vaccinate the 1920s and '30s. society against the extremes. The human rights groups are naive ished the country's embryonic in-when they demand overnight ternational standing, which would

Spokesmen for the government,

20's presidency, according to an estimate by Central America Reputed charges that the political violence was growing.

crime wave, which rightist newspaners are sensationalizing Colonel Luis Arturo Isaacs Ro-

He argued that the army cher-

suffer if the military were linked to new human rights violations. And he traced the murders to

leftist extremists. According to one monitoring group, the Center for the Investiga-tion, Study and Promotion of Hu-man Rights, 75 people were assassinated in September, the last month

for which figures were available, up from 71 in August and 57 in July. Spokesmen for the group said they had compiled the list from public reports and that their figures included only a fraction of politically motivated killings in the

In contrast, there were an aver-



in Segovia, Eight more deaths and

scores more injured civilians were reported in nearby ranches. The authorities said they pre-sumed that the attack was by leftist guerrillas from the Revolutionary Armed Forces and the National Liberation Army.

But a man identifying himself as Commander Orlando from the Liberation Army, in a call to a radio station in Medellin, denied his group's responsibility for the attack. He blamed paramilitaries Although General Rojas said the

civilians, the Segovia municipal council said some of the killings were selective. The Segovia ombudswoman, Johana Montana, said gunmen raided houses. checked identities and killed many members of the Patriotic Union. In 1983, the bodies of 33 miners

killed by a rightist death squad.

mine shaft near Remedios, 15 miles from Segovia. The Patriotic Union said they were leftist sympathizers see how right they are.

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### **AMERICAN TOPICS**

Donating Own Blood

For Use in the Future Donating blood for one's own use later has become increasingly common, doubling in the past two years, The New York Times reports. The major reason for this surge, medical experts say, is fear of being in-

fected by contaminated blood. They say this fear is largely unfounded. With AIDS, for example, advances in testing have reduced the odds of receiving contaminated blood to 1 in But there are other reasons.

Blood that is autologous — that is, derived from the same individual — eliminates much of the risk of reactions, viral infections or other adverse effects. It is particularly suitable for people with antibody problems.

"The best transfusion you can get is your own blood." said Dr. Harold Kaplan, senior medical director of the New York Blood Center, a nonprofit blood bank. While most autologous blood

is stored in liquid form during weeks before elective surgery, 2 handful of private banks collect and freeze it for many years. Denots save no money on autologous blood. There is no charge for the blood itself, autologous or not. But patients pay about \$200 a pint, usually paid by health insurance, to

cover the costs of the blood

bank and the hospital.

Notes About People Ronald Reagan is "a secre-tary's dream," one of the president's secretaries reports. When he finds a typographical error in one of the letters they have typed for him, he will attempt to correct it with his pen: "He doesn't even want to ask us to

President-elect George Bush is reported to be nearly as fond of jelly beans as Mr. Reagan. But The New York Times reports that his favorites for nib-bling on between meals are crunchy, salty pork rinds.

retype a letter."

Short Takes The California Task Force to Promote Self-Esteem and Personal and Social Responsibility, though parodied and lampooned, notably in Gary Trudeau's "Doonesbury" comic strip, soldiers on — and has spawned smaller task forces in 42 California counties. The group's greater state Assem-

group's creator, state Assemblyman John Vasconcellos, 56, predicts that it will spread throughout the country as the ultimate self-help program, T've seen the cost of prisons -\$17,000 a year to lock some-body up — and dropouts and drugs," he says. "We have to get at the root cause; self-esteem informs everything. Nancy Reagan tells people to just say no, but they can't do that until

they yes to themselves."

The "Bugrac," a giant vacu-um cleaner that sucks insect pests out of strawberry patches, has been developed by Edgar Show, a Watsonville, California, entomologist. The bad bugs live on the top leaves and get vacuumed up, he said, while the good bugs that eat them live further down on the plants and generally survive. The Bugvac was hailed by Albert Meyerhoff of the Natural Resources Defense Council in San Francisco. He noted that as pesticides do more and more damage to the environment and less and less to increasingly pesticide-resis-tant bugs, nonchemical controls

A Finnish-built Soviet Icebreaker succeeded last month where a smaller U.S. Coast Guard icebreaker failed, cutting a channel to free trapped whales in the Beaufort Sea west of Alaska Federal law blocks the Coast Guard from buying foreign-made icebreakers. But Eero Makinen, president of Wartsila Marine Industries Inc., which built the Soviet icebreaker, said the whale saga had created "great prospects" for his company to sell licenses for icebreaker technology in the United States or to lease a Finnish icebreaker to Ameri-

are ever more important.

Near the end of the vast Degas exhibit at New York's Metropolitan Museum of Art, Joan Diamant, a reader of The New York Times, says she overheard one woman, exhaustion in her voice, ask a woman companion, "Can we start skipping the small ones?"

Arthur Highee

42 Civilians

Massacred In Colombia Compiled by Our Staff From Dispatches BOGOTA - Gunmen descended on the northern Colombian town of Segovia and nearby ranch-

57 during more than two hours of shooting, the local anthorities said. Military sources blamed leftist guerrillas for the massacre Friday night, the worst in recent Colombian history. But the municipal council of Segovia said that rightist

death squads were responsible. In Segovia, a gold-mining town of less than 10,000 inhabitants, 170 miles (275 kilometers) north of Bogotá, the mayor belongs to the left-ist Patriotic Union party, the politi-cal wing of the leftist gnerrilla group, the Revolutionary Armed Forces of Colombia.

The national directorship of the Patriotic Union said that the massacre was the work of a paramilitary group of about 30 people in four vehicles.

Military sources estimated, however, that there were about 90 at-General Raul Rojas, commander of the army 14th brigade, said there were 34 dead and 31 wounded

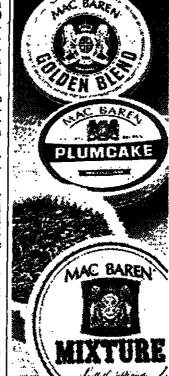
backed by drug traffickers.

attackers shot indiscriminately at

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who had been shot were found in a

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# 35 Countries Unite in Drive To Fight 'Greenhouse Effect'

By Burton Bollag New York Times Service GENEVA - Representatives of 35 nations, including the United States, have begun an international effort to evaluate global climate trends and map policies to cope nized by two United Nations agen-with the drastic consequences a cies: the UN Environment Proglobal warming would have on hu-

in a three-day meeting that end-ed Friday, they established work-IDE groups to:

• Assess scientific evidence and historical temperature records to determine if a global warming trend had really begun, and to look at its causes.

• Assess the environmental, economic and social impact of climate

• Formulate responses. This group will be headed by the United States.

sions of carbon dioxide and other gases that are believed to collect in the atmosphere, trapping heat from the Earth in a "greenhouse effect." The Geneva meeting was orgamzed by two United Nations agengram and the World

Meteorological Organization.

The findings of the three groups are to be ready by mid-1990. The executive director of the Environment Program, Mostafa K. Tolba of Egypt, told the meeting that those conclusions should be sufficiently advanced "to justify actions veruments to limit and cope with climate change and to start

negotiations" for a treaty.

Officials say responses would center on changing global energy policies to use fossil fuels more efficiently and to limit and ultimately

Fossil fuels are the main source

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thought to be responsible for about 50 percent of global warming.

Other major culprits are methane, nitrous oxide and chlorofhiorecarbons. Chlorofluorocarbons, which are used as aerosol propellants, refrigerants and in injected foam, are also believed to contribute to the destruction of the protective ozone laver.

The Montreal Protocol on protecting the ozone layer, signed last year, commits industrialized countries to a 50-percent reduction in the use of chlorofluorocarbons by 1999. Officials say a likely measure be to reduce the use of chlorofluorocarbons further.
"The fact that the U.S. could

come here with a coherent position and a high level of representation was positive," said Rafe Pomerington-based World Resources Institute, which has in the past criticized the Reagan administration on this issue.

The UN Environment Program

and its head, Mr. Tolba, are seen as prime promoters of an international treaty on global warming. This follows the program's successful conclusion of the Montreal Protocol and current negotiations on a treaty to sharply limit exports of hazardous wastes, expected to be ready for signing at a ministerial meeting scheduled for next March



Demonstrators in Tel Aviv urging Labor and Likud to form a coalition and revise Israeli election law.

# 2 Religious Parties **Endorse Shamir**

By Glenn Frankel

JERUSALEM — After nearly two weeks of political maneuvering, Israel's two largest ultraorthodox religious parties endorsed government. Prime Minister Yitzhak Shamir on Sunday as their choice, ensuring that Mr. Shamir would be named Monday by President Chaim Her-20g to form a new government.

To win their endorsement, Mr. Shamir promised to give the two parties control of four major government ministries and to win approval in the Knesset within the first three months of his government of laws changing the defini-tion of who is a lew, government sources said.

Those commitments are certain to produce a backlash both among secular Israelis, who fear the growth of a Jewish theocracy that would limit their personal free-doms, and among Jewish groups in the United States that contend the new laws would delegitimize the Reform and Conservative movements in that country.

Mr. Shamir will have three to six weeks to forge a new governing coalition. If he succeeds, it would be led by Mr. Shamir's right-of-center Likud bloc but would depend on the votes of the fundamentalist Jewish parties to remain in

The endorsements marked the end of the first round of back-room bargaining over cabinet portfolios and policy commitments in a new government A second round, which is expected to be more prolonged, will begin after Mr. Herzog asks Mr. Shamir to form a new

The two parties that endorsed Mr. Shamir were Shas, which holds six seats in the Knesset, and Agudat Yisrael, which holds five seats. Their votes bring to 63 the number of seats committed to Mr. Shamir out of the 120-member Knesset, compared with 55 for his main political rival, Foreign Minister Shimon Peres of the left-of-center La-

bor Party. The Torah Flag religious party. which has two scats, abstain from backing either man and called for another broad, national unity coalition between Mr. Shamir and

Mr. Peres. To win the backing of Shas, Mr. Shamir pledged to make the party leader, Yitzhak Peretz, deputy prime minister as well as interior minister, and to also give the party the housing portfolio, according to

To Agudat, which declined to accept cabinet posts for ideological reasons, the prime minister promised bureaucratic control of the immigration and social welfare ministries, as well as the chairmanship of the influential Knesset finance

Mr. Shamir also promised to wiff. approval within three months of a has-sponsored bill giving new powers and stature to Israel's rab-binical courts, including the power to decide on citizenship applications from converts to Judaism.

Mr. Shamir made a commitment to Agudat to win approval of an amendment to the Law of Return requiring that all converts win orthodox rabbinical approval before becoming Israeli citizens. An Agudat spokesman, Menachem Porush, said that Mr. Shamir had promised that the amendment. which has been narrowly defeated

in the past, would be approved. "This is the first stage and not even the lengthiest in the process of forming a government," said a Shamir advisor, Avi Pazner.

■ Death Penalty Panel

Israeli leaders, facing renewed calls for harsh punishment of Palestinian guerrillas, set up a ministerial committee Sunday to consider imposing the death penalty for murder, Reuters reported from Jerusalem. The panel, made up of the defense, foreign and justice ministers and the attorney general. would advise the military authorities on capital punishment.

In the occupied West Bank meanwhile, Israeli soldiers shot and killed an Arab motorist who had failed to stop his car at an army checkpoint, Palestinians said.

# General Lyman Lemnitzer Is Dead at 89

WASHINGTON -General Lyman Lemnitzer, 89, a World War II hero who later served as commander of United Nations forces in the Korean War, supreme allied commander in Europe and chairman of the Joint Chiefs of Staff, died of kidney failure Saturday at Walter Reed Army Hospital here.

Skilled and Deft Soldier

By Albin Krebs New York Times Service

General Lemnitzer, heavyset and feet (183 centimeters) tall, preferred to work in his shirtsleeves, kept a messy desk and, as one old friend described him, was "not the least bit notight, considering he's a four-star general."

But he was a skilled and deft diplomat as well as a soldier, and nitzer was assigned to the War Dewhen he was appointed as the fourth chairman of the Joint Chiefs of Staff in 1960, he was variously described as "brilliant," "an expert planner" and "a man of modera-

tion and tremendous dignity."
In World War II he took part in a series of daring secret missions that paved the way for the invasion of North Africa and later the surrenders of the Italian Army and Ger-

In the Korean War he was decorated for gallantry for leading in-fantrymen through fierce battles. in the 1960s, as chairman of the Joint Chiefs, he supervised the laborationist Vichy French government of the laboration of the laborat in Europe in response to the Berlin

Lyman Louis Lemnitzer was born Aug. 29, 1899, in Honesdale, Pennsylvania. The future general, of German Lutheran descent, graduated 86th in a class of 271 cadets at West Point in 1921.

In 1941, before the United States entered World War II. Major Lempartment's War Plans Division. By September 1942 he was a brigadier general assigned to General Dwight D. Eisenhower's staff in

charge of planning the invasion of in Korea in 1952, leading it in the North Africa. North Africa That assignment led General

Lemnitzer to one of three spectacular forays into diplomacy. He joined the secret mission, coden-amed Torch and led by General Mark W. Clark, that shipped into all U.S. and UN forces in Korea North Africa by submarine in 1942 and Japan. to get in touch with French commanders willing to dery the col-

exander, he participated in secret negotiations with Premier Pietro Badoglio of Italy that led to the Italian surrender to the Allies in September 1943. General Lemnitzer later slipped into Switzer-land to begin talks, behind Hitler's back, with members of the German High Command. The secret talks Soviet construction of the Berlin eventually led to the surrender of

the German armies in Italy and southern Austria in May 1945. General Lemnitzer took com-

Ridge, in the Punch Bowl campaign and in the Chorwon Valley. He was later assigned to comma the 8th Army in Korea, and in 1955 he was promoted to commander of

In that capacity General Lemnitzer, in his quiet way, helped ment to support the Allied and he was a central figure in the invasion. While serving with General Al- strategic U.S. forces in Okinawa despite local opposition. The United States later returned Okinawa to Japanese control.

In 1960 he was named chairman of the Joint Chiefs of Staff. In that position, General Lemnitzer supervised the strengthening of U.S.

His last assignment, after his two-year tour as chairman of the a popular and influential 1930s Joint Chiefs, was to be supreme Dwight D. Eisenhower's staff in General Lemnitzer took com- Joint Chiefs, was to be supreme singing trio, on Saturday in Peeks-London as assistant chief of staff in mand of the 7th Infantry Division allied commander in Europe. He kill, New York.



General Lyman Lennitzer

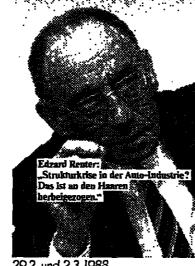
retired from active duty in 1969.

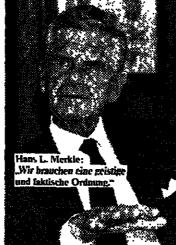
Jeanne Gabelou, 83, a heroine of the underground French resistance forces in Europe in reaction to the in World War II, at her home near Châteauroux on Thursday.

Vet Boswell, 77, the last surviving member of the Boswell Sisters,

# DIE WELT im Gespräch mit der deutschen Wirtschaft 1988

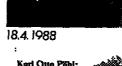






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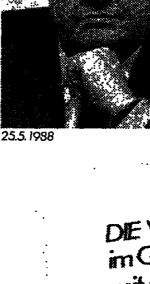






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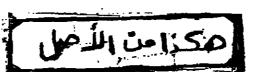




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The Torah Flag religion.

Which has two seast and from backing either man action another broad nations coalition between Mr. See

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forming a government w mir advisor. Avi Pazner. Death Penalty Pade miles (300 kilometers) north of Co-Israeli leaders. saing blombo on Friday.

ties on capital punishmen meanwhile. Israeli sike checkpoint, Palestiniane

# hamir Pakistan Comes to Crossroad

and policy commitment of the five government. A second longed, will begin after Men Service asks Mr. Shamir to form the government of the five government.

The two many form moves steadily and for the longer of the five government.

As Election Nears, Voters Ask: How Will Power Be Used?

By Barbara Crossette thousand the five government of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves steadily and for the longer of the five moves as the five moves are considered.

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most part peacefully toward what it bopes will be the freest election in its history on Wednesday, one issue in the campaign overrides all others: Where will power lie in years ahead, and how will it be used?

The death of President Mohammed Zia ui-Haq in a still-unex-plained plane crash in August alsered the political landscape of a country that has known more dictators than democrats since its independence in 1947.

The politicians scrambling to fill the vacuum have been surprised by the latitude allowed them by an interim president, Ghulam Ishaq Khan, who has kept to constitutional rule; by a strong and impartial judiciary, and by an army that has pledged not to interfere.

As the final rallies take place. Benazir Bhutto, who with her mother, Nusrat, leads the Pakistan People's Party, is clearly the most spirited and popular candidate. In a straight presidential contest,

she might win easily.
But Pakistanis will be voting not for a president, but for a lower house of Parliament, known as the National Assembly, where the par-ty or coalition with the most seats Mr. Shamir also promer ty or coalities with the married and names a marrowal within three forms the government and names a prime minister. The National Assembly chooses a president.
Pakistan last held national elec-

tions in 1985, but General Zia dis- Mr. Bhutto was executed in 1979 trusted political parties, and all after General Zia refused to pardon

After his death, the Supreme Court ruled that the 1988 elections should be held on a party basis. Now, several-dozen political or-

#### **NEWS ANALYSIS**

worked with General Zia, and two figure in the election: Mian Nawaz Sharif, the chief minister of Punjab, Pakistan's most populous province, and a former prime minister, Mohammed Khan Junejo.

toi, who founded the National People's Party in 1986 after falling out with Ms. Bhutto and leaving her

#### Mr. Shamir made a tone Ethnic Attacks in Sri Lanka Kill 13 as Strike Cuts Food

The Associated Press COLOMBO - At least 13 people have been killed in ethnic violence and a fuel workers' strike called by a radical Sinhalese group

estinian guerrillas, sermit all minority Tamils. He said that rial committee Sunday 10% the bomb could have been aimed at imposing the death par Indian troops posted in Sn Lanka murder. Reuters reported to quell the Tamil rebellion and rusalem. The panel mater that it probably exploded premadefense, foreign and juster turely.

of Tamil Edam, the largest and In the occupied was most powerful of the Tamil militias, who are fighting for an indeand killed an Arab more pendent Tamil homeland in the

had failed to stop his care, north and east of the island.

ganizations are in the race, and it is far from clear how the votes will go.

Ms. Bhutto's most serious rivals are in the Islamic Democratic Alliance, a coalition formed last month of the Pakistan Muslim League, the National People's Party, a political-religious organization called the Jamaat-i-Islami and six smaller

Most of the coalition's leaders

Another is Ghulam Mustafa Ja-Pakistan People's Party.

Pakistan today is a very different country from what it was in 1977, when Benazir Bhutto's father, Zulfikar Ali Bhutto, won an election widely regarded as corrupt and then was overthrown by General Zia a few months later.

has raised fears of food shortages. A military official said Saturday that four people were killed and 20 others, including 16 schoolchildren, were injured when a car bomb exploded near Jaffna, 185

calls for harsh punishma: The official said the victims were

ters and the attorney. The bombing was blamed on would advise the military members of the Liberation Tigers

The bodies of five Tamils abducted Friday were found Saturday in the town of Kalumnai, 136

miles east of Colombo, the official

said. These killings were also blamed on the Tigers. The Tigers are at the forefront of a five-year war by the Tamils for a separate state. The rebels say a

Tamil homeland is needed to combat discrimination by Sri Lanka's majority Sinhalese. Members of the People's Liberation Front, a radical Sinhalese

group, were blamed for killing four ment supporters in central Sri Lanka on Saturday.

The military official said four

of his supporters, were killed in a car ambush. In southern Sri Lanka, a strike by fuel workers called by the Sinhalese People's Liberation Front led to gasoline shortages and a break-down in the distribution of food,

The strike was the latest in series called by the front, which opposes President Junius R. him on a conviction of involvement

in a political killing.

Because of Pakistan's strong stand during the Zia years against the Soviet occupation of Afghanistan, and because General Zia worked to raise the country's profile in the Islamic world, the voting Wednesday will be watched closely in the United States and elsewhere for signs of policy shifts.

The United States and India will also be watching for signs of change in Pakistan's nuclear development policy, which the various parties have suggested might be reviewed

In addition, the Pakistani economy has been growing, creating new expectations and demands.

The country faces an exploding population, extreme deprivation among women, and the issues of how far and fast it should be moving toward a vaguely defined goal of Islamization.

Above all else, a new government will face the task of strengthening democratic civilian institutions. Within a decade of gaining inde-pendence in 1947, Pakistan had

fallen into the first of several periods of military rule. In 1970, an election generally accepted as fair and open was held. But within another year, the country had split in two, with the creation of Bangladesh, and the presidency of General Yahya Khan

Mr. Bhutto came to power in 1972, introduced a new constitu-tion and, in 1977, called elections widely believed to be rigged. Public protests followed, with criticism of his economic policies and the arbitrary use of power and corruption.
Then General Zia stepped in,
and 11 more years of military rule

As the opposition movement grew, General Zia took steps to reintroduce democracy. He lifted martial law, called the 1985 elections and laid the groundwork for this election.

In the campaign, Ms. Bhutto's rivals have tried to make her father's record an issue, but have not

Many Pakistanis appear to be-Sinhalese, including the brother of lieve that Ms. Bhutto, educated in a government lawmaker and three the West and comfortable with Eulieve that Ms. Bhutto, educated in ropean democracy, would not attempt to revive her father's leftistnationalist policies, to which the military might object.

Ms. Bhutto has been waging a

populist campaign, short on specifics and long on rhetorical flourishes about ending repression and giving the authorities said. power to the people. She has also forged alliances with some power brokers in the Zia camp, in the wardene's peace overtures to military, and among the landed aristocracy. Tamil rehels-



Voters lining up in Karachi to receive identification cards for this week's elections.

## **Court Orders Voter Identification**

New York Times Service preme Court of Pakistan has rein- provoke violence at the polls. stated the rule that voters must and Saturday.

A 12-member bench of the Supreme Court, sitting in Lahore, said Saturday that because there People's Party of Benazir Bhutto. was not enough time before the The party argued that thou-voting to hear a government aptity card requirement.

the Lahore ruling, which had been trol fraudulent voting.

welcomed by many politicians who LAHORE, Pakistan — The Su-feared the identity card issue could to the polls to cast ballots are com-

The requirement that voters present national identity cards to must show identity cards to cast the case of women, are veiled and cast ballots in elections Wednesday ballots in National Assembly elections on Wednesday and Provincial Assembly elections three days later was challenged by the Pakistan

peal, it was staying a ruling by the stanis would be disenfranchised by Lahore High Court to end the iden- the requirement, which the interim ry card requirement. government of President Ghulam
The decision in effect three out

"Vote banks" that deliver groups mon in Pakistan. These voters often carry bogus identification or, in cannot be recognized by poll offi-

Some politicians said the cards were not being issued fast enough to those who were applying for the first time to vote.

The Lahore court observed that the government's figures on cards being issued was at such variance with the party's totals that it was impossible to determine the true

# Rebel Army Leader **Escapes Manila Jail**

By Seth Mydans

New York Times Service MANILA - The reputed leader of the Communist rebel army in the Philippines has escaped from detention in a military camp after being allowed to attend a birthday party for an officer he had befriended, a military spokesman

The spokesman said the chief of the New People's Army, Romulo Kintanar, fled with his wife, Gloria. They had been seized with three other guerrilla leaders in March in one of the military's most conspicuous successes against the insurgents

President Corazon C. Aquino rebuked army officers on Sunday for the escape, Reuters reported from Manila, and ordered an investigation. Mrs. Aquino said she was "calling to task" Major General Ramon Montano, chief of the paramilitary Constabulary, and other officers assigned to hold Mr. Kin-

Mr. Kintanar and his wife, along with other guerrillas being held, had been permitted to leave the stockade at the national police headquarters in Camp Crame to attend a party in another part of

the base, an officer said. Security at Manila's military

Is Arrested camps is relaxed, and vehicles usually enter and leave freely.

Mr. Kintanar, 41, was described as commander in chief of the New

He is said to be one of the guerrillas' leading strategists, ranking third in the underground Communist Party hierarchy.

He is also described as the organizer of the urban guerrilla squads known as "sparrows" that have carried out a program of assassinations in Manila over the last two

The party's general secretary, Rafael Baylosis, who was arrested with Mr. Kintanar, also attended the birthday celebration, another guest said.

Like the other rebel prisoners, he remained in detention Saturday. Those being held were awaiting trial on charges of illegal posses sion of firearms in connection with subversive activities.

"We are trying to find out why they were allowed out of their prison cell," said the military spokesman, Colonel Crisencio Maralit. "It is quite unusual for them to invite New People's Army guerril-

las to a party." The event was held at the quarters of Major Robelito Comilang, the former commander of the stockade where the rebels were de-

He was removed from his post last month after guards shot to countryside.

death an army colonel being held for taking part in a rightist coup attempt in August 1987. Mr. Kintanar and other rebels

had befriended the detained colo-Both Communist and rightist rebels have escaped from detention in the past, drawing criticism of lax security within the Philippine mili-

Several years ago, Saturnino Ocampo, a former journalist who became a ranking leader of the insurgents, escaped through a back entrance of the Manila Press Club, where he had been allowed to go to

vote in an election of club officers. Early this year, Gregorio Honasan, a former colonel who led a coup attempt in August 1987, escaped from a prison ship aboard a rubber boat that had been sent to augment security

He, too, had befriended his guards, and his 14-man security detail fled with him. -

# A Brother Of Chun's

SEOUL - The elder brother of Chun Doo Hwan was arrested Sun-People's Army, which has about 25,000 members. move apparently designed to increase pressure on the disgraced expresident to apologize for alleged wrongdoing during his seven years

Mr. Chun's elder brother, Chun Ki Hwan, and a cousin were taken into custody on charges of illegally using their influence to gain control of the largest fish market in Seoul

and then diverting funds.

The arrests followed by two months the conviction of the former president's younger brother on corruption charges, and meant that more than a dozen Chun family members, in-laws and friends have been imprisoned or are under in-

vestigation. The arrest of Mr. Chun's elder brother was seen as particularly significant because he is the expresident's closest sibling and is the nominal leader of the Chun family.

The arrest, analysts said, was intended to send a signal from the government and the governing party that the ex-president could also end up in jail unless he quickly accepts a compromise calling for Mr. Chun, who took power in 1980 and retired as president in February, to apologize for alleged mis-deeds, to return any illegally acquired wealth and to retire to the



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ltoly	lire		360,000	295,200	200,000	110,000
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Netherlands**	FL	06-022 08 15	600	492	340	185
Norway##	N.Kr.	(02) 41 34 89*	2,000	1,276	1,100	600
Partugal**	Be.	(01) 80 77 23*	26,000	26,780	14,300	7,900
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Sweden**	S.Kr.	(08) 21 01 90*	2,000	1,276	1,100	600
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Herald Eribune



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Contract of The Charles Alberta Alberta (1944) and the contract of the contrac

#### Still the PLO's Move

failed to grasp the moment and advance a adds up to the familiar self-nijuring language realistic peace proposal before Israel's elections. Now, as the governing Palestine Nations. Now, as the governing Palestine Na-tional Council meets in Algiers, its leaders

seem destined to miss yet another opening. Despite the right-wing tilt in the Israeli vote, the politics of cabinet-making remains fluid. The PLO can influence that process - and the attitude of President-elect George Bush. But indications are that Yasser Arafat and company will simply proclaim Palestinian independence, and thus confirm their irresponsibility.

Israel remains deeply divided on whether to hang on to rebellious occupied territories or seek a territorial compromise. In the Nov. 1 elections only 42 percent voted for parties which oppose any withdrawal. Prime Minister Yitzhak Shamir has up to 42 days to cobble together a Likud-led coalition. If he fails, Israel's president will probably turn to Shimon Peres of Labor, advocate of a compromise based on trading land for peace.

Meantime, the uprising in the West Bank and Gaza continues to make evident the

old boy while shooting at stone-throwers whose ages were 12 and 13. In June an Arafat aide, Bassam Abu Sharif, prepared a document that renounced terrorism and called for a Palestinian state living in peace with a Jewish state. But what held great promise was disavowed by other PLO leaders. And recently Mr. Arafat reverted to his old lines of equating Zionism with racism and refusing to forswear terror-

moral cost of indefinite occupation. The

other day, Israeli soldiers killed a 3-year-.

The Palestine Liberation Organization ism to gain Palestinian independence. It all

ested only in posturing to keep his job.

According to a PLO spokesman, the recent vote shows that "Israelis are not ready to make peace" and therefore do not deserve conciliation. This totally ignores the lesson of President Anwar Sadar's transforming breakthrough in boldly flying to Israel from Egypt in 1977. The result was a treaty negotiated with a right-wing Israeli government and then ratified overwhelmingly thanks to added votes from the left.

Mr. Arafat's apologists maintain that his hands are tied by deep divisions in the PLO, a loose amalgam of armed factions. At the moment, however, the chairman's position is relatively strong. His worst focs, a Syrian-backed minority, are isolated. The Palestin-ian updaing has built support for a pragmatic solution on the West Bank. Mr. Arafat enjoys the backing of King Hussein of Jor-dan and President Hosni Mubarak of Egypt, the most important voices of moderation.

Given legitimate Israeli fears regarding survival, it is up to the Palestinians to make the first move, as Mr. Sadat did. That surely seems unfair to the Palestinians, but Mr. Sadat understood what it would take to change hearts and minds in a divided and frightened but democratic Israel. If the PLO uses Israel's elections as yet another excuse for ladling out its familiar ambigu-ous rhetoric, it will serve only to prolong the ordeal for Israelis, and Palest - THE NEW YORK TIMES.

# A Gesture of Apology

Reflecting on the dark and terrible history of their country under Nazi rule, Germans last week observed the 50th anniversary of Kristallnacht, the night of broken glass. Anti-Semitism, sponsored and en-forced by the state, had been rising under Hitler for some time, but Kristallnacht— Nov. 9-10, 1938 - was the emergence of violent and highly organized persecution on a nationwide scale. That episode, and those far worse which followed it, have left a haunting question: How could a people as gifted and as cultivated as the Germans have descended to such depths?

Over the years many German theologians, historians and politicians have offered answers, some of them compelling. But the extreme difficulty of dealing with the question was demonstrated, not for the first time, on Thursday when Philipp Jenninger, the speaker of the Bundestay, addressed a special commemorative session. He was trying to explain how the campaign against the Jews had gained such wide-spread public support. But as he went on, spread public support out as as his listeners found it difficult to follow the distinction — although it was evidently

commentary and his descriptions of the attitudes of the time, including quotations from Nazis. A number of the audience

walked out in protest. Mr. Jenninger, by all accounts a decent man and no anti-Semite, has now resigned as speaker. As a gesture of apology, that kind of resignation is as rare in Germany as it is in the United States. But the subject is not one that tolerates ineptitude or imprecision.

There is really no event comparable to the Holocaust. But similarly it is difficult to think of another case in which a whole society, many of whose people were directly implicated in those crimes, has gone to such lengths, decade after decade, to preserve the recollection of the crimes in its civic and political life. Those Germans who misstate that responsibility, or deal with it carelessly, generally do not prosper in public office. The striking thing about contemporary German treatment of the Nazi period is the moral stamina and rigor of the judgments. For a nation to acknowledge error is as uncommon as it is admirable.

- THE WASHINGTON POST

# Prosecute the Hacker

deserves to be vigorously prosecuted. There is appealing drama in this tale of father, son and a monumental electronic game, and there may be reason to mitigate the punishment, but that is different from minimizing the crime. Prosecuting the case can test the adequacy of present laws against electronic sabotage, a crime which can be deterred.

Mr. Morris's program wasted thousands

of hours of other people's time as they purged it from their computers. A society that depends on computers must defend itself against this kind of threat.

Some hackers may be mischievous and thoughtless invaders of property, but few are malicious or intentionally criminal. Their itch to show that they can outwit the designers of computer systems could easily be discouraged by tough application of pre-

Mr. Morris's purpose remains a mystery. Was he trying to prove something to his father, a computer security expert at the National Security Agency? His friends assert that he meant his virus to live quietly in the computers it invaded, and that only because

If his friends' reports prove accurate, Robert Morris, the hacker whose virus program recently closeed up 6.000 commuters. But that the worst consequences of the escapade were unintended is no absolution.

Everything so far known about the virus's design and dissemination suggests a surrepti-tious intent, unmindful of others' privacy or convenience. To gain access to the computer network and its users' machines, Mr. Morris is said to have deciphered and used some 300 unauthorized passwords. To evade detection, he allegedly disseminated the virus from a computer at the Massachusetts Institute of Technology and had its progeny report their existence to a computer at the University of California in Berkeley.

"What happened in this instance was not really vandalism," says one computer expert. "You shouldn't crucify him for damage he did not intend to cause," says another. That puts it too benignly. To deceive others, invade their property and disrupt their activi-ties is a clear breach of ethics. Youth, ingeniity and inadvertence may prove mitigating circumstances and justify generosity when deciding on punishment. But first, if only to deter other electronic sabotage, it is impor-

tant to define it as a crime. -THE NEW YORK TIMES.

#### Other Comment

#### Bush: Hard Work Ahead

What matters is that the United States recognize the continued role it has to play in helping ensure the stability of the international economic and political system. The question is how this is to be done, given the budget and trade deficits. It is not a cheaper U.S. dollar that should be the mechanism for adjusting the trade deficit but insistence on dismantling visible and invisible barriers to ing visible and invisible barriers to trade. To do this, Washington's own commit-ment to fair trade should be clear. That was, on the whole, the thrust of President Reagan's foreign economic policy. It would be terrible for the world - and for the United States — if, under pressure from a Congress in the grip of protectionist throes, Mr. Bush were to deviate from this commitment.

— Business Times (Singapore).

[Mr. Bush] has much to prove if he is to gain the respect and popularity that President Reagan has earned throughout the world. The U.S. presidency, unlike a presi-

dential campaign, is not something that can be administered by television. Mr. Bush now faces the real world of budget-cutting, nucle-ar weapons, Mikhail Gorbachev and a host of other matters. And he must contend with a hostile, Democratic-controlled Congress.

#### - The Bangkok Post. Charles Has a Talking Job

It could be easily construed to be unacceptably political for him to become, for example, an ambassador, or the chairman of one of those organizations which frequently finds itself in disagreement with the government. When you sit down and study the options. you begin to realize the practical difficulti and the potential for embarrassment which exists. However, he does believe that it is possible to speak out on various issues, and particularly on behalf of the ordinary bloke. There is no title for the job he is doing now, but he is not applying for another one.

- Tom Shebbeare, an associate of Prince Charles, quoted in The Observer (London).

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#### **OPINION**

# Jean Monnet: 'The Most Beautiful Job'

PARIS — A solemn ceremony here the day after U.S. elections brought into focus the difference between the power of public position. I'm modest but because you can't concentrate on with its heady trappings, and the power of a man a thing to be done and on yourself." with an idea. It was the centennial of the birth of Mr. Monnet liked to quote an American Jean Monnet. His remains were brought from the friend, Dwight Morrow, who told him, "There with an idea. It was the centennial of the birth of rural cemetery where he was buried in 1979 to the

President François Mitterrand spoke before a dozen other European heads of state and heads of government. "We need to offer great examples to our youth, and here is one," he said of the man who never cared for titles but came to be known as Mr. Europe.
Two men dominated the revival of France

after World War II. One was the commanding figure of Charles de Ganlle, ever conscious of the symbols of glory. The other was the stocky peasant figure of Jean Monnet, plodding through the fields in his rubbers, quietly pushing persuading, manipulating the mighty to build an enduring new institution. Sometimes they worked together, but they didn't get on well. Not only their styles but their

projects were so different projects were so different.

Mr. Monnet, the son of a brandy distilling family in Cognac, said once: "I know how to wait a long time for favorable circumstances. In Cognac we know how to wait. It's the only way to make a good product." And another time: "For the politician, the goal is always to be in the government, and to be the first . . . Everything is about the struggle for office. The purpose of power, the problem to solve, is forgotten. I've never known a great politician who wasn't strongly egocentric, and for good reason. If he weren't, he would never have imposed his image and his person. I could not do that, not because By Flora Lewis

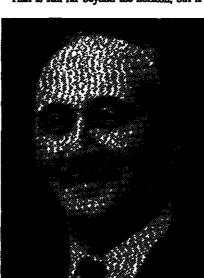
are two types of men, those who want to be

Pantheon, the majestic resting place for those to whom France reserves its ultimate honor.

The inscription above the portal reads, "Aux grands hommes la patric reconnaissante." Although he lived 91 years and was proclaimed the first, and so far only, Honorary Citizen of Europe, it was the first time that France had bestowed a formal accolade on Mr. Monnet.

The inscription above the portal reads, "Aux must be autiful job," was to "bring people together." He wanted to promote Europe's recovery from the wars and make it impossible for its countries to fight each other again, by forging a union, economic at first, gradually political and even military. He dared to call his vision a "Missecond" Mr. Missecond. "United States of Europe." Mr. Mitterrand avoided that controversial phrase and called for eventual political and defense union.

That is still far beyond the horizon, but it is



also far beyond the "Europe of motherlands" which General de Gaulle considered the limit for

ceding national sovereignty.

By 1993, the 12 members of the European Community are to form a single internal market.

Mr. Monnet has already substantially changed

the lives of 320 million people.

He had a clear notion of how to proceed. "Since they take the risks, they need the laurels," he said of the men in the limelight. But when they are short of ideas "they gladly accept yours on condition you leave them the credit

He added: "I have no taste for the shadows, but if it takes self-effacement to get things done. I choose the shadows.

"Institutions are more important than mea. But only men, when they have the strength, can transform and carich things which institutions

transmit to successor generations."
It was Jean Monnet who persuaded President Franklin D. Roosevelt to gear up America's industry for the defense of Europe and offered him the phrase "the arsenal of democracy." He was the author of the Schuman Plan, which led to the European Coal and Steel Community, the start of French-German reconciliation and the first step to the Common Market. He devised the Pleven Plan for a European Defense Community, which failed but lingers in the background.

He was a man of deep conviction and dogged persistence, but he was not intransigent. He approached problems with a full understanding that no solution would last unless all involved were brought to see that it was in their common interest. He worked with presidents and princes, industrial barons and labor czars, but nothing dazzled him except his idea of a future "union

of peoples in liberty and diversity."

All European schoolchildren know about Charles de Gaulle, but they live in a world shaped by Jean Monnet. It is good that he has been enshrined. His is a monument to the reali-ty that can be created when the goal matters more than the fanfare.

The New York Times.

# America the Model Needs Applaudable Debate

WASHINGTON — For an American who is proud of his country's democratic heritage, traveling between Washington and Moscow during this political season has been a dismaying experience. Sad to say, the quality of political debate has been more intelligent and sophisticated in the world's leading closed society than in the world's leading democracy. I spent a few days in Moscow last

week, at the height of America's presidential campaign, talking with some of the most ardent and articulate sup-porters of Mikhail Gorbachev's reform efforts. They are in a momentous struggle against their authori-tarian tradition, groping toward concepts of free speech, elected gov-comment and civil liberties that are still

only vaguely formed in their minds.

They may fail, and many of them know that. But in their striving they have created an atmosphere in which every idea has weight, no utterance is empty and each proposal and criticism reverbates with heavy implica-tions for the country's political and economic future. There is a creative and exhilarating dialogue on the the individual and the state.

Not so in America. We act as if we

have resolved all fundamental questions and our role is to teach the rest of the world. But our best lesson is example, and we set a poor one in the most important of our democratic exercises While the Russians were taking the careful measure of each idea, the trivial nastiness of the presidential campaign was masking the issues for Americans. The slogans and labels tripped easily off the tongue. George Bush's crude appeals to patriotic symbols and fear of crime, and Miael Dukakis's divisive plays to class antagonisms, seemed particularly shallow against the Soviet debate. One sees even more painfully from Mos-cow than from Washington how casual we have become about our freedoms, how cavalier with our ideas. It is a truism, of course, that honest debate seems more precious in societ-ies where it is forbidden, and the Rus-sians have therefore traditionally been more devoted than Americans have to their poets, their playwrights and the power of the word. But for the subject of civil liberties. Americans should

display an instinctive affinity. How surprising, then, to encounter a more intelligent discussion of civil liberties in Moscow than in the United

B OSTON — When Andrei Sakharov arrived in America last week,

on his first trip to the West, he spoke

of how he respected the United States for its self-criticism. "It is a rare qual-ity in the world arena" he said. "In

most countries public opinion is

structured to support [the govern-ment]. In the United States there is a

Openness, the habit of self-criticism

has been one of the great American strengths. Nothing could be in more

striking contrast to the paralyzing

public conformity in the Soviet Union, at least until the Gorbachev era.

But are Americans really willing to hear criticism that cuts to the whole

direction of the society? Speech re-

mains extraordinarily free, but will

people listen to uncomfortable truths?

The 1988 election is reason to wonder.

The United States is falling behind Japan and other high-technology countries in the fundamentals of eco-

nomic strength, farther and farther behind. We invest much less. We let

our roads and bridges and other public

facilities decay. We do a far worse job

of educating our children. Instead of

making those investments in our fu-

ture, we spend on consumption now.

knows that the Reagan years have seen

immense borrowing from abroad to

finance high living. Everyone knows

that we have an appalling federal bud-

get deficit. Everyone knows that the country finds it hard to compete now

in microchins and automobiles and

elevision technology. We are becom-

Those facts are not secret. Everyone

very self-critical attitude."

By David K. Shipler States. While Mr. Bush was making the advocacy of civil liberties sound subversive and Mr. Dukakis was running away from the issue, Soviet jurists and officials were considering the introduction of some American con-cepts into their legal system.

After vilifying the United States for decades, some Soviet specialists now cite it as a model guiding their efforts to reform their criminal code and their judiciary. They are talking about indeed tindeed in the control of the cont about independent judges, jury trials and the right to counsel.

In official circles, intensive battles are reported over how far to go. Some recognize the hypocrisy of the country's constitutional guarantees of various rights and freedoms.

"We had a great constitution under Brezhnev," one senior official told me candidly, "but it had no practical value. There was no law, only empty phrases." Judges, he admitted, were so beholden to the Communist Party apparatus that they simply did what the politicians told them.

Now, in a tentative step toward an independent judiciary, judges' terms may be lengthened and party officials may be subject to criminal penalties for pressuring judges. Juries may be used in the most serious cases, and some are urging that any accused be allowed a lawyer at the time of arrest, rather than having to wait until the police investigation is over.

As Andrei Sakharov has com-

been taken, such as decrees giving the police explicit authority to curb dem-onstrations. And there are enormous systemic and psychological obstacles to overcome before Soviet critizens can regard the courts as protectors, rather than violators, of individual rights. At this unusual moment, when re-formers in Moscow are looking ad-miringly at America, it is crucial to

keep our own discourse on civil liberties vibrant. If we wish to remain a model, then we must guard against the erosion of our values.

The writer, a former Moscow correspondent for The New York Times, is a ior associate at the Carnegie Endowment for International Peace. He con-tributed this to The New York Times.

# Here Comes a Creative American Era

By Francis Ford Coppola

NEW YORK — If some genie imaginative work and the prosperity country to bet on or be part of in these decades to come, I would choose America - not only because of its wealth, size, scope and diversity, but because of its most valuable resource: talent.

America is in a unique position to utilize its creativity to produce the money it needs to do everything it has

Let us astound the world with our productivity and imagination.

to do. It's not a matter of increasing taxes; it's a matter of using talent. In this next decade, things related to culture — software, creativity and art - will be the biggest money-making industries in the world. Italy, with its tradition of beauty

and culture, can teach America by its example of coming from behind to its position of fifth greatest economy of the world. It did it all on talent: design, imagination and creativity. If there is a country even better positioned than Italy, it's us. America

has the tradition, has the talent, has

the energy, has the hardness, has the

By Anthony Lewis

opportunity to change course.

great country to ignore fundamental

problems until too late -- until na-

tional decline from great-power sta-

tus is irreversible. It happened to

Spain in the 17th century and Brit-ain at the end of the 19th.

Rise and Fall of the Great Powers,"

by Professor Paul Kennedy of Yale. I telephoned Mr. Kennedy to ask what he thought of the election cam-

paign in light of his historical subject.

about the long-term strength of this country," he said — "about trading

competitiveness, the weakness of pub-

lic education, the creation of a perma-nent underclass in the inner cities. But

they tend to be people who know what

is happening in other countries, who are appalled at what the average 17-

"A lot of people are concerned

But in the election campaign hardly a word was said about those profoundly important realities. Why not? Because if Michael Dukakis had raised the problems, he would have been called an unpatriotic purveyor of gloom. Jeane Kirkpatrick would not bad, people have jobs, the government speaks of a continuing economy of the production of the surface things are not bad, people have jobs, the government speaks of a continuing economy.

At election time, Americans pre-fer flag waving to self-criticism. No tween 1903 and 1908. Joseph Cham-

matter how urgently we need to con-front failings that mortgage the industrial position in the world, cam-

country's future, we do not confront paigned for major reforms in indus-

them. And in elections we have an try and education. But there was a

That was the subject of this year's make a point about long-term trends best-selling work of history, "The when the economy looked reasonably

It is not enknown in history for a Chamberlain's campaign lost to the
est country to ignore fundamental laissez-faire traditionalists who said

no doubt have denounced him as part nomic boom . . . of the "blame America first" brigade. Mr. Kennedy s

ing is up to it; American inventiveness and design talent is up to it. Take the entertainment industry as an example. American entertainment is international entertainment. All over the world. American movies, music and television are served up as the main course to the world's andience. Soon a major new artery of commu-nication and art will exist: high definition television, with a superior picture and sound, tied to one international

standard. If we want this we can have it — but we must pay the price. We can't tie future standards for television to America's presently lower technical standard just to shore up today's broadcast industry. They have had their turn; don't let them hold us back. When color television was first introduced it was tied to the standards of the 1940s by a decision to make it compatible with black-and-white sets. Today, international trade int and local broadcasting turf wars have taken global television hostage. An insistence on unnecessary compa

ity once again would keep television light-years from what it could be. We could simultaneously broadcast

year-old American knows in compari-son with other developed countries in

nguages, science ... "But it is difficult for those long-

Mr. Kennedy saw some parallels to

temporary surge of prosperity, and

that things were fine as they were.

Winston Churchill, a leading op-ponent of Chamberlain, mocked him

for predicting "downfall and disas-

prosperous for most of the voters.

The deeper movement went on in Britain, Mr. Kennedy said. "The ero-sion of the manufacturing base, the

failure to produce enough engineers

and scientists, the social ills of the inner

cities with a 25 percent permanent un-derclass: All of those were leading to

year-on-year shrinkages in Britain's long-term share of world production."

repeat that history. Leadership could

turn us from folly to self-critical reality.

The New York Times.

The United States does not have to

Then, as now, it was hard to

the old standard for a while, as we presently do with AM and FM in radio, but let the new standard exist sheer creative potential to generate unfettered. The concept of world tele-Time for Straight-Talking Leadership

vision is worth it. We should definitely take the leap with a standard agreed upon by the International Telecomand easy intercourse of television programming possible in a new world television system. The future rewards would be gigantic in all areas.

Many other technological wonders are already stimulating young people

— really, all people — into expressing themselves in an audiovisual medium The arts can flourish with the home computer, that good friend to creative writing, design, filmmaking. Technologies like "video 8" enable a person to make a feature-length film inexpen-sively. The astonishingly clear screens now available on television sets so small that they fit into attaché cases hold out real promise for large, wall-sized television screens for the home. Seeing, sending and working with words and pictures are becoming easy.

This is a creative era. Let us astound the world with our productivity and imagination. America has a tremendous tradition of creativity. It really has the goods at all levels of art. design, ingenuity, innovation. Unleash this potential and the resulting prosperity will make discussions of the budget and the deficit idle chie-chat. Imagination is more important

than knowledge," Einstein said. For the first time, we can advise our stn dents not to be afraid to choose artistic professions. No longer does it make sense to say, "Be interested in music or writing or art — but get a degree in accounting or business." All people are creative and this new generation is hicky to be born in a time when that aspect of themselves can earn wealth. for them and their country.

But this, of course, is secondary to the pleasure and fulfillment that comes with doing the work you love. The American dream is a creative dream.

The writer is a film director and producer. He contributed this comment

# Afghanistan <sup>(</sup> Might Skip Civil War

By Selig S. Harrison

WASHINGTON — Rather than W escalate the Afghan conflict in the face of new Soviet military moves, Washington should recognize that a military victory by the resistance will not be easy and should test Moscow's professions of readiness for a genu-

inely neutral government.

Despite the withdrawal of Soviet forces from 27 of Afghanistan's 32 provinces, resistance factions have taken only six provincial capitals. Still, the Reagan administration predicts an imminent takeover in Kabul and has encouraged stepped up missile attacks on the capital since midsummer.

The administration opposes the promising United Nations efforts to. promote an interim government led by nationalist forces not controlled by either the Communists or the Paki-stan-sponsored Islamic fundamental-

stan-sponsored Islama: luminaries ist minority wing of the resistance.

Moscow has reacted by deploying sophisticated bombers and mi and by threatening to delay the scheduled completion of its withdrawal in uled completion of its withdrawa m
February. The principal Soviet military objective is to destroy resistance,
missile bases. Diplomatically, Moscow
is seeking negotiations with Washington on a neutral government. It has
signaled its flexibility by purging from
the Kabul Communist Party and government 165 leading Communist oppoments of a political settlement. nents of a political settlement.

Prospects for a quick resistance victory appear problematic, whether or not Soviet forces depart. Both sides are digging in for what is likely to be a protracted civil war in which Washington could end up supporting a client-regime in Kandabar or Jalalabad.
Trained in guerrilla tactics, the deeply divided resistance groups have

not been able to unite for conventional warfare against Communist-led regular forces in fortified cities. And the resistance is paralyzed by a split over whether to go for military victory, with further suffering for fellow Afghans, or

move toward a political compromise.

Pakistan-sponsored, Sunni fundamentalist factions are pushing for a military decision that would serve Pakistani interests (as defined by the late but not American interests. President Zia channeled most U.S. weapons aid to these groups, largely drawn from ethnic minorities, while downgrading elements based in Afghanistan's Pashtum ethnic majority. He dreamed of installing a Pakistani satellite regime in Kabul in which the Pashtun tribes would no longer enjoy their traditional dominance. Islamabad has long been at odds with Afghan regimes over vast. Pashtum areas of Pakistan that once

belonged to Afghanistan. Six weeks before his death in August, President Zia, whose lieutenants are still powerful, spoke of the "strate-gic realignment" that Pakistan and the United States would achieve next spring. "By helping you as a front-line state, he told me, we have earned the right to have a very friendly regime in Kabul. We won't permit it to be like it was before, with Indian and Soviet influence there and claims on our ter-ritory. It will be a real Islamic state, part of a pan-Islamic revival that will one day win over the Moslems in the

Soviet Union, you will see." Support for a political compromise enters in a loose nationalist coalition of field commanders, Pashtun tribal leaders, respected figures from earlier regimes (notably King Zahir Shah) and Shiite leaders who do not want a

regime controlled by Sunnites. The neutral government proposed by the United Nations would convene a traditional tribal assembly empowered to hold elections. U.S. support for the United Nations would strengthen pragmatists in the post-Zia leadership who recognize that a stable Afghan regime is a precondition for the return of the 2.5 million refugees in Pakistan. America's interest lies in completion of the Soviet withdrawal and a nonaligned Afghanistan free from Soviet-American or Pakistani-Indian rivalry. Washington should recognize that the artificial resistance alliance impedes these goals. Patched together by Palcistani intelligence agencies, it gives anti-Soviet. fiindamentalists control over more powerful tribal elements. U.S. policy should encourage a regrouping of non-Communist forces under Zahir Shah and the field commanders. The Soviet Union should recognize

that Afghan leaders anointed in Moscow are suspect in Afghan eyes. Both superpowers should abide by the outcome of Afghan negotiations under UN anspices as a step toward disengagement from the civil war.

The writer is a senior associate of the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

#### 100, 75 AND 50 YEARS AGO

1888: Verdi's Hospital

PARIS - The Gazetta Musicale of Milan contains an interesting account of the hospital recently opened at Villanova, and entirely built and supported by Ginseppe Verdi, the composer. Villanova is situated in close vicinity to the Villa di Sant' Agata, the country seat where Verdi lives in the manner of a farmer, abandoning all music from his thought. The manificence of the great com-poser is only equalled by his modesty. The opening ceremony was of the simplest kind. No speechifying was allowed, Verdi remarking that the only insuguration necessary was the admission of the sick and alling.

1913: Huerta Says 'No'

NEW YORK - A telegram from Mexico City says: "General Huerta tacitly refused last night [Nov. 12] to accede to the demands of the United

down and relinquish indirect as well as direct control of the de facto government in Mexico City. Meanwhile, in London, carte blanche was given to President Wilson to climinate General Haerta and his puppers from control in Mexico — this is the present attitude of the British government.

1938: CIO Peace Terms

PITTSBURGH -- Broad economic

planning by the government, includ-ing higher wages and taxation of speculative wealth, was advocated to-day [Nov. 13] by John L. Lewis in outlining the program for his Committee for industrial Organization convention which opens here tomorrow. In reply to the peace "feelest" put out by the American Federation of Labor recently, Mr. Lewis said the CLO. would receive such overtures when the A.F. of I. was ready to deal on a basis of equality and accede to the demands of the United justice. His organization, he said, States as expressed in an ultimatum sent by President Wilson that he step

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# Promising New Policy, Aghanista, Politburo Warns Balts Might Skip Not to Reject Socialism Resulers MOSCOW — Polithuro memoral over their respect economies, their currency and lo

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1938: CIO Peace To

TTTSBURGH - Broad Set

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clonged to Afghanistan. Six weeks before his deala! ust, President Zia, whose less: re still powerful, spoke of the Inited States would achiest pring. "By helping you as a tree ate," he told me, "we have are

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By Selig S. Harring of the Soviet Union against turning VASHINGTON — Rather to their backs on socialism, saying the escalate the Afghan contestance of new Soviet military Communist Party is correcting past mistakes in its treatment of nationishington should recognize to

The Soviet news agency Tass reported that messages sent by Gen-eral Viktor M. Chebrikov, Vadim A. Medvedev and Nikolai N. Slyunkov - addressed respectively to leaders in Estonia, Latvia and Lithuania - appealed on Saturday for better interethnic ties.

Some excesses and undesirable phenomena have come to the surace," Tass quoted Mr. Medvedev, the Kremlin's ideology chief, aselling Latvian workers, officials and academics

"They include attempts to call socialist way of development chosen by the Soviet peoples," he said, wrong understanding of interethnic problems."

He urged citizens to take a "soher and businesslike attitude toward solution of vital issues, abandon words and railies and pass over to practical constructive work. The Kremlin leadership sent the

three men to the three formerly independent Baltic republics on Friday in an attempt to calm anger over proposed changes to the Soviet Constitution. The Politburo has said that the

amendments are a crucial first step in political reform. Opponents claim they would tighten Moscow's control over the 15 Soviet repub-

Newly formed popular fronts in Estonia and Latvia, and the Sajudis

movement of Lithuania, are calling for control over their respective economies, their currency and local

citizenship laws Some smaller groups have called for secession from the Soviet Union, and the unleashing of longsuppressed nationalism has increased friction with ethnic Russians who moved to the Baltic region after the states were absorbed into the Soviet Union in

Mr. Sivunkov told Lithuanians during a visit to the capital, Vilnius, that Soviet policy toward the country's various nationalities had not

always been perfect. "There were mistakes which we are energetically rectifying now."

Tass quoted him as saying. Mr. Chebrikov, the former KGB chief, told Estonian farmers that into question the correctness of the the party had made mistakes in nationalities policy during the "pe-riod of stagnation" — the era of the former Soviet leader, Leonid 1. Brezhnev.

He said that those days were over and the misunderstandings be-tween ethnic groups "had no particular grounds today," he said. The people of Estonia should pool

But the Internationalist Movement, representing Estonia's Rus-sian minority, held a stormy meeting on Saturday in the capital, llinn. Russians shouted down the republic's president, Arnold Runtel an ethnic Estonian who backs the Estonian Popular Front. All three Politburo members emphasized that the Kremlin was studying ties with its 15 republics

and that any problems would be

solved eventually.

# New Motto at PLO: Austerity

By Youssel M. Ibrahim

New York Times Service ALGIERS - The 448-member Palestine National Council was founded in 1964 as a consultative body for Palestinians and has become the highest legislative body for the 5.5 million Palestinians dispersed around the world.

Its decisions become binding policies that can paralyze or motivate Palestinian actions. Last year's PNC meeting cost \$28 million, but

this year the motto is austerity. The Palestine Liberation Organization, the official host of the meeting, is underwriting fewer invitations, plane tickets and hotel rooms due to efforts to defray the costs of the 11-month uprising

in the Israeli-occupied territories. "We now direct all the financial aid to the intifada." said Abu Usamah, deputy director of finance for El Fatah, the largest and richest of the Palestinian organizations.

The intifada is the Arab accord for the uprising in whose name this special emergency PNC session is being held.

Only 2,000 Palestinians and Arabs are attending the 19th council meeting, one-third of the number who came in April 1987.

But anticipation that the PNC will recommend establishing an independent Palestinian state is bringing a sense of euphoria to representatives who have arrived from places far and near, including Brazil, Argentina, the United States, Saudi

Arabia, Libya and Egypt. No one here seems upset that 57 PNC members from Syria could not make it since the government of that country held them back.

And it was fully expected that the 186 council members from the West Bank and Gaza would not be here as Israel, similarly, forbids any contacts with the PLO and makes them a jailable offense.

PNC meetings are not legalistically perfect affairs, because of the immense logistical complications they face. They tend, on the other hand, to be political statements.

Ahmad Abdel Rahman, the PLO's chief spokesman. said: "This PNC meeting is our gift to our people inside. We have entered the peace process and we will give the Palestinian nation which was born in 1947 without a name, a new name independence."

More in the nature of a consultative assembly than a constitutional parliament, the PNC is composed of members nominated by blocs of Palestinians representing different political tendencies. armed groups, civilian disciplines and geographi-

The council includes 150 independent members from Western Europe and North and South America as well as distinguished Palestinian personal-

ities and businessmen. The estimated 120,000 Palestinians living in West Germany are represented, for example, as are

the 3,000 Palestinian doctors living in Brazil. Edward Said, a professor of literature at Columbia University, is a member, as is Abu Abbas, the Palestinian terrorist who directed the Achille Lauro affair in 1985.

UN resolutions or in exchange for

self-determination for Palestinians'

Mr. Liel said that Israel is op-

unilateral step and not the result of

negotiations with Israel, and be-

cause it is likely to be based on

General Assembly Resolution 181,

which originally called for the par-

then this is not new.'

El Fatah, the largest armed group, keeps about 55 permanent seats inside the council.

The second largest group, the Democratic Front for the Liberation of Palestine, keeps 25 seats.

lution 242 alone, or whether it nize 242 along with the rest of the

#### **CABINET:** TOXIC: A Pacific Plan for Waste

**Bush Priorities** (Continued from page 1)

the frenzy of Wall Street and the money changers." he said. "They're running around acting as if some living human being could have solved this one problem, the deficit. in 10 days,"

"My message to them is it's going to get solved," Mr. Domenici said. "But it's not going to get solved next week or next month. That's an extraordinary expectation. I think it'll get solved about July or August'

Congressional sources, meanwhile, said Mr. Bush was expected to replace Elliott Abrams, the assistant secretary of state for inter-American affairs, Mr. Abrams, 40. has been a sometimes controversial defender of Mr. Reagan's policies in Central America and has clashed with the Democratic-controlled Congress.

■ Strong Role for Baker

Bernard Weinraub and Peter T. Kilborn of The New York Times reported earlier from Washington: The next cabinet is shaping up in

a way that promises broad influence for James A. Baker 3d. the newly designated secretary of state, according to aides to Mr. Bush. The aides say the most powerful

policy positions are likely to be filled with pragmatic middle-of-the road Republicans with strong ties to both Mr. Bush and Mr. Baker. According to one plan now under consideration, Mr. Baker would extend his reach into budgetary and domestic matters. through the appointment of his former deputy at the Treasury Department, Richard G. Darman, as di-

rector of the White House Office of Management and Budget. posed to the Palestinian declara-tion of independence because it is a Moreover, Mr. Baker would play a stronger role than customary for a secretary of state in shaping both international and domestic economic policy through a close connection with Nicholas F. Brady,

who is expected to remain Treasury tition of Palestine into separate secretary.

Several Bush aides cautioned that the details of the plan were still not definite. For one thing, Mr. Bush in the past has not felt close to Mr. Darman, and although their

relationship warmed during the campaign he could still bridle at naming the assertive Mr. Darman as budget director. But there is general agreement, according to Bush campaign aides

and transition officials, that Mr. Baker, who ran the vice president's campaign and is one of his closest friends, will move beyond foreign policy and play a central advisory role in his decisions, ranging from cabinet choices to the organization of the White House staff to relations with Congress. Edward A. Rollins, a Republican

strategist who is close to the Bush camp, said, "For all practical purposes, Jim Baker will be deputy

(Continued from page 1) would amount to many millions of dollars.

Despite these rejections, Mr. Vallette said that in Asia and the South Pacific "there is not as much awareness as there is now in Africa about the dangers of toxic waste dumping."

Africa, he added, has become "off-limits to the international waste trade because of the outcry earlier this year over the dumping there of hazardous materials from Europe and the United States."

S. M. Mohamad Idris, Malaysian coordinator of Third World Network, an association of private groups involved in development issues, said companies in industrialized nations found it much cheaper to export unwanted chemicals, solvents, pesticides and other toxic wastes than to comply with increasingly stringent disposal restrictions in the United States and Europe.

The easy way out is to dump the waste in poor countries," he said. In a report issued Tuesday in Brussels, Greenpeace said that Western countries had exported more than 3.6 million tons of toxic waste to the Third World and Eastern Europe in the last two years. Much of the waste went to coun-

tries in Africa and the Caribbean. The 125-page report listed 143 companies that it said were known to have been involved in the trade. In October, authorities in Sri-Lanka and the Philippines turned

away a freighter carrying about 11,000 tons of toxic incinerator ash from Philadelphia. The ship changed its name in August from the Khian Sea to the Felicia after leaving behind about 3,000 tons of waste, labeled fertilizer, in Haiti. Mr. Vallette said the Felicia was

the first large carrier of hazardous waste known to have come from North America or Europe to the Southern Hemisphere to dump its cargo. He said U.S. government tests of the ash had revealed high levels of lead, cadmium and dioxin

with its waste cargo in August 1986, the vessel has been rejected

by 13 countries on five continents. Mr. Vallette, who monitors the international waste trade for the Washington office of Greenpeace, was reached by telephone in Geneva, where he was taking part in an eight-day United Nations conference attended by experts from 50 countries.

The meeting, which began Nov. 7, was called to draft an international treaty to control disposal of toxic waste and prevent its illegal

dumping in developing countries. Mostafa Tolba, executive director of the UN Environment Program, said it would be difficult to eliminate the illegal trade in poisonous waste because of the money involved. But he said it could be combated with an international agreement that places responsibility for control firmly on exporting

countries. Under the draft convention being debated in Geneva, exporters must disclose the type and amount of waste, and importing countries must give written consent and show they can handle the material safely.

Dan Fleming, a senior executive of Admiralty Pacific Inc. of Oakland, California, said a team of experts would arrive in the Marshall Islands later this month to conduct engineering and environmental studies on a plan to use nontoxic garbage to fill lagoons in several of the low-lying atolls.

He said the company wanted to begin shipping 3.5 million tons of waste in 1990, building up to seven million tons by 1995.

Mr. Fleming said waste disposal in the United States was becoming more difficult because most dump sites were filling up, and because burning garbage could produce hazardous by-products.

Oscar de Brum, chief secretary of the Marshall Islands, said the government was interested in the proposal.

Promoters say the Marshalls can oisons.

Since leaving the United States

earn up to \$56 million a year by 1995 if the plan is approved.

# POLICY: Arms Control Is Expected to Become a Cornerstone for Bush

(Continued from page 1)

about a possible Soviet threat has diminished, and concern has tilted toward living standards and trade competition.

Many current touchstones in security policy are economic ques-tions. These include: credits to the Soviet Union, trade terms, technology embargoes, arms-development cooperation. These issues — in abeyance during the U.S. election year - could, if mishandled by the Bush administration, ignite protecnonist quarrels within the alliance. But failure to restore closer

ustalling a Pakistani satelia a trans-Atlantic harmony on Soviet policy is liable to trigger economic Kabul in which the Pashing retaliation in the form of a burdenould no longer enjoy their mix ominance, islamabad has logic

To hold the diplomatic initiative, ashtun areas of Pakistan tes

on halving the superpower arsenals of intercontinental missiles. Or he might concentrate on the proposed

talks to cut conventional forces. START seems easier. The obstacles left unresolved by the Reagan administration are important but few: verification, missile mobility and the status of cruise missiles.

But Mr. Bush is probably more flexible on two intertwined issues that dogged START while Mr. Reagan was in office: the scope of the strategic defense initiative and the interpretation of the Anti-Ballistic Missile Treaty.

The START negotiating process probably could be pushed ahead far enough and fast enough to force Mr. Bush must produce an arms: the Pentagon to choose between

tion. He might concentrate, in the missile, eliminating one of these Strategic Arms Reduction Talks, expensive, competing land-based nuclear weapons.

(Continued from page 1)

Post reported from Jerusalem: Israeli officials dismissed as

'nothing new" reports from Al-

giers that the Palestine National

Council was prepared to endorse

The crucial test would be wheth-

er the council would endorse Reso-

Resolution 242 as part of its decla-

ration of independence.

But conventional disarmament seems to hold growing appeal for allied governments because these talks, expected to begin early next year, offer a painless solution to European governments squeezed between military manpower shortages and opposition to increased military spending.

Conventional arms control issues are so complex that talks could bog down, but European leaders have said that two years should be enough to show how far Mr. Gorbachev can go in fulfilling his promises of a more defensive, less heavily armed Red Army — the "litmus test" of Soviet intentions. In pursuing an arms-control

control agenda for his administra- the MX missile and the Midgetman agenda designed to keep the alliance from unraveling, a pragmaticminded Bush team may be expected to seek ways of defusing the touchy nuclear issues in the North

PLO: Delegates Favor Accepting UN Resolution 242

would couple this endorsement

with that of other resolutions that

Israel finds unacceptable, a spokes-

man for the Foreign Ministry, Alon

"It all depends on how they say

"If they say we recognize 242 by

itself, then this is a change," he

added. "But if they say 'We recog-

Liel, said Sunday.

he said.

Atlantic Treaty Organization. West Germany, supported by France, has resisted U.S. and British urging to approve, next year, a new U.S. missile to replace the Lance missile in the mid-1990s.

But the Bush administration might be able to settle for West German acceptance of development of a new missile next year without an unconditional agreement to deploy it. This timetable, however, would require a trade-off, involving West German acceptance of a postponement for the same period of any talks about removing more nuclear arms from Western

#### ■ Hard-Liners Remain

Jewish and Arab states

Hard-line factions of the Palestine Liberation Organization said they would not walk out of the PNC meeting even though it appeared late Sunday that they had lost their bid to block a peace initiative by the group, The Washington Post reported from Algiers.

These factions, led by Mr. Habash and Nayef Hawaimeh, recommitted themselves Sunday to holding together the PLO alliance that reunited the badly splintered organization in April 1987.

"Unity is the foundation for everyone," said Abu Ali Mustafa, Mr. Habash's representative on the PLO's executive committee. "We want to preserve the right to register our reservations, but we want to remain allies and friends."

# BUSH: Transition of Sun and Sea

(Continued from page 1) Campbell Jr. of South Carolina,

Governor Thomas H. Kean of New Jersey and Richard Nixon. For the record, Mr. Hart added.

these conversations had nothing to do with the other, Washington, transition.

Mr. Bush was in an upbeat, almost giddy mood; so good, in fact, when he returned from his that two-mile run and encountered an Associated Press reporter, Rita Beamish, on a jog of her own at the entrance of the Farish driveway, he invited her in for a swim.

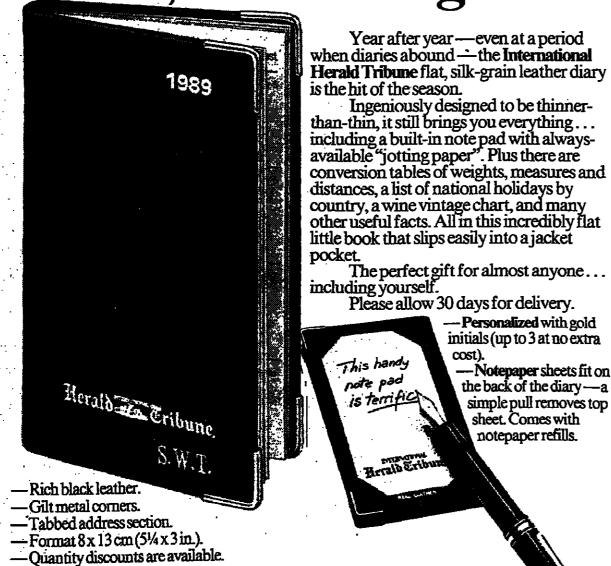
"I haven't really gotten down to the bottom of the unwinding yet, Mr. Bush told the reporter. Then the president-elect, who

was often criticized during the campaign for being inaccessible to the press, invited her for a dinghy ride out to a patrolling Coast Guard catamaran. He then swam most of the distance back, allowing himself to be towed part way by a dinghy.

Less athletic reporters, gathered for a briefing on the day's events later, listened as the AP reporter related details of the strenuous but essentially news-free encounter, down to the color of the shorts the president-elect wore. They were

"He's in really good shape," said the 36-year-old reporter, who often runs five to eight miles a day. "He's got really good legs for his age."

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صكذات الأصل

# Market Takes a Breather To Watch Falling Dollar

By CARL GEWIRTZ

International Herold Tribune ARIS — Activity in the Eurobond market slowed to a crawi last week as investors waited to see what emerged from the weeklong attack on the dollar, which fell 3 percent against the Deutsche mark and 24 percent against the yen. The dollar's battering encountered only token central bank resistance, encouraging speculators to push the

By week's end, technical analysts, so-called chartists whose forecasts are based solely on the patterns formed by the daily

It is questionable

West Germany

dollar decline.

whether Japan and

want to reverse the

closing prices of currency rates, were predicting that the dollar could only continue to

Steven Crane, a private London-based charust, said the week's decline had left the dollar in an "appalling technical condition.

Steven Blitz, a technical analyst at Salomon Brothers Inc.

in New York, said the dollar's fall through important resistance levels showed that "there is still a significant amount of selling to

The analysts agreed that the dollar is headed down to match its record low of 120 yen from the Friday rate of 122.85 yen in New York and to 1.70 Deutsche marks from 1.7375 DM. Mr. Blitz sees the dollar at those levels before year-end. By the end of the first quarter, he said, the currency could be down to 112 yen and 1.65 DM.

In fact, Mr. Blitz is a lot more optimistic about the dollar than the numbers suggest. He said the current momentum of the decline of the dollar was slowing from the rate of change in earlier downturns. Such "divergences in momentum often presage turning points" suggesting that as it declines, "the dollar may be building a major bottom" and that next year's lows may form the

base from which the currency begins a long-term recovery.

Fundamental analysts see things differently. Neal M. Soss, economist at First Boston Corp. in New York and a former assistant to Paul A. Volcker, when he was chairman of the Federal Reserve Board, said the week's fireworks in the foreign exchange market were designed "to remind the new administration that financial stability requires certain action to keep foreign creditors cooperating with the United States."

If the dollar continues to weaken, he said, this week would see central bank "intervention in a convincing and coordinated way" that will hold the dollar "within its trading range of 1.70 to 1.85 DM and 120 to 135 yen."

Intervention this week may be more effective than last week

since Washington will report its September trade deficit on Wednesday. Analysts at Credit Suisse First Boston in London warn that speculators may be tempted to repurchase the dollars they have sold just before or after the report. The market "apparently looks for a \$1 billion improvement" from August's sharply increased \$12.2 billion deficit, but Credit Suisse First Boston says the decline could be as large as \$3 billion.

Such an improvement might provide a reprieve for the dollar. But it is questionable whether one month's data would reverse the foreign exchange market's mainfest lack of confidence in the ability of George Bush, the president-elect, to move quickly next year to reduce the budget deficit or improve the outlook for further cutting the trade deficit without a further substantial fall

Mr. Soss is convinced that if the pressure continues the Federal Reserve will raise interest rates. He sees a quarter-point rise in the cost of overnight money, to 81/2 percent, by no later than Christmas and an increase to 9½ percent by mid-1989.

Market rates have already moved up. The dollar's drop

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sparked a sell-off on Wall Street, driving down stock prices. Although the New York bond market was closed Friday for a holiday, U.S. bond prices were knocked down in London. The Treasury's 30-year bond ended the week yielding 9.03 percent, up from 8.91 a week earlier.

Brendan Brown, economist at County NatWest in London, also sees higher U.S. interest rates coming soon. He warned that a lower dollar "would be counterproductive." He said the United States needs a tighter monetary policy to dampen domestic demand - which would result in fewer imports and liberate domestic production for export — rather than a lower dollar, which would fuel inflationary pressures.

Arnold Simkin, London-based economist for Stratecon, disagreed on the likelihood of higher interest rates. He sees the U.S. economy slowing down and also fears that the Fed is hostage to the crisis in the savings and loan industry and the mega-buyouts in the stock market - both of which could become unstuck if

But this view was challenged by Mr. Soss. "I don't believe that See EUROBONDS, Page 11

# **Currency Rates**

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Last Week's Markets

# All figures are as of close of trading Friday

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# Nabisco Battle Could Harness the Buyout Binge

By Anise C. Wallace New York Times Service

NEW YORK — Revulsion over the frenzied battle to buy RJR Nabisco Inc. for more than \$20 billion may do something that neither the insider-trading scandal nor

any other mega-acquisition has accom-plished: cause Washington and investors to try to curb takeovers. Never before has the criticism come from so many quarters. As the scent of bundreds of millions of dollars in fees and profits lures others to join the fray, everyone from prominent Republicans to the institutions that have been financing the

Referring specifically to the RJR Na-bisco fight, Joseph L. Rice, president of Clayton & Dubilier Inc., a New York leveraged buyout fund, said, "I think it's clearly out of hand."

mania are wondering whether enough is

People on Wall Street saw the concerns expressed last week by Senator Bob Dole, Republican of Kansas and the Senate mi-

Stock Exchange, Mr. Dole raised the possibility that Congress might revise the tax code to curb acquisitions financed largely

Worried about the huge amount of debt that these deals are piling onto corporations, Alan Greenspan, chairman of the Federal Reserve Board, last month suggested that the Senate consider such action and urged bankers to show caution in take-

Whether they heed such advice remains

But clearly some bankers and instituwave of buyouts are becoming skittish about the higher stakes, the nastier tone of the battles and the possibility that their own companies could be the next to be

nority leader, as particularly significant.

After all, it was the Republicans' laissezfaire attitude of the past eight years that made the takeover boom possible.

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It remains to be seen whether fear will prevail over greed. The people fighting for RJR Nabisco are "all motivated by that But it basic human motivation: greed," said Harvey P. Eisen, president of Integrated Resources Asset Management, which invests

The potential for billions of dollars in fees and profits explains why everyone involved in the takeover fest is so reluctant to leave the party.

Investment banks and law firms were rewarded with \$200 million in fees after Campeau Corp. acquired Federated Detional lenders who have been financing the partment Stores last spring, after an 11-week

Estimates of the potential fees from an RJR Nabisco deal run as high as \$500

banking firms another \$25 million to \$75 offer.

The management group has proposed a compensation package for RJR Nabisco executives involved in the deal that could enrich some individuals by more than \$100

"It offends my senses that these guys are making this much money," Mr. Eisen said. "They're not inventing a cure for cancer." The management group led by F. Ross Johnson, chief executive of RJR Nabisco, said last week that it was studying ways to share any potential profits with a larger

The RJR Nabisco battle so far pits

But the bankers are not the only ones who stand to reap extraordinary profits. In a leveraged buyout, a group of investors, including management, uses borrowed money and some of its own to buy

the company's stock from its public share-In the past, these companies have profit-ed by drastically cutting costs and from the later resale of the company or its divisions. Those in favor of these transactions argue that managers with a financial stake in the

company are more productive and effi-But critics say the heavy use of debt is putting a strain on the financial system, which will be sorely tested in a period of economic weakness. They also cite the devastation to bondholders when a company

In response to a question about the ef-

takes on additional debt.

# **U.S. and Japan** Said to Plan **Currency Talks**

ed to hold talks in Paris this week to discuss ways to stabilize exchange rates, the Kyodo News Ser-

vice said Sunday, quoting government sources. Toyoo Gyoten, Japan's vice finance minister for international affairs, is to meet David C. Mulford, assistant secretary of the Treasury, the sources said. The two officials

are both scheduled to be there to attend a meeting of the Economic Policy Committee of the Organiza-Development starting Monday.

The sources said there was also a

possibility of an unofficial meeting of deputy finance ministers of the Group of Seven major industrial nations during the two-day OECD

Faced with the dollar's recent plunge against other leading cur-rencies, the deputy ministers would reconfirm the principle of policy coordination among the monetary authorities of Britain, Canada, France, Italy, Japan, the United States and West Germany, the

sources said. Japanese Finance Ministry offiwere not available to o the Kyodo report.

Foreign exchange dealers have said the dollar could continue to fall this week, although the value of the currency may be affected by the U.S. trade figures for September, to be released Wednesday. The recent dollar decline began

after the U.S. presidential election on Tuesday. Traders said the slide was prompted by uncertainty over the monetary stance of the next U.S. administration under George Bush, the president-elect, as well as doubts about whether the Group of Seven is still in accord on exchange-rate policies.

In New York, the dollar has fallen 2.3 percent against the yen, to 122.85, and 2.9 percent against the Deutsche mark, to 1,7375, since the election.

The current administration, including members expected to remain after the inauguration of Mr. Bush on Jan. 20, is showing few signs of concern, by word or deed, about the falling dollar.

"The administration is not pushing the dollar down," an official who declined to be named said Friday. In response to speculation in the financial markets that the Reagan administration or Mr. Bush's transition team might merely be toler-

ating a decline, the official said, The dollar has gone down over the last few days. Is that toleration or not? 'Tolerate' is a funny word. The policy is neither one of benign ne-glect nor one of pushing it down." The official, who is familiar with

currency policy, also implied that the exchange rate of the dollar was still within the secret limits that the United States established in agreement with its leading trading partners, including Japan and West "In the game of exchange rates,

you have to tolerate a range of ups and downs," the official said.

# The official said the Reagan ad-

TOKYO - Senior Japanese and ministration fully endorsed re-U.S. monetary officials are expect-marks by the Treasury's undersecretary for domestic finance, George D. Gould, on British television.

"I must emphasize that we, as a matter of policy, have no interest in seeing the dollar lower," Mr. Gould

But by their actions, senior officials are showing little sign of concern. The Treasury secretary, Nicholas F. Brady, went home to New Jersey. And the former Treasury secretary, James A. Baker 3d, whom Mr. Bush has chosen to be tion for Economic Cooperation and his secretary of state, was said to be on a ranch without a phone.

Appearances of calm and state-

ments of unconcern, however, are characteristic of the ways governments manage currencies.

Because of the secrecy in which they cloak changes in policy, the markets often do not learn of a change until they see it, when central banks intervene heavily to push a currency up or down or when news conferences are suddenly called to announce a change.
(AFP, NYT)

#### Interco Offer Extended but With Limit

NEW YORK - The investor group waging a \$2.7 billion hostile bid to acquire Interco Inc. said Sunday that it was extending its offer by two days, but threatened to withdraw it if the company continued refusing to negotiate.

Cardinal Acquisition Corp. extended its \$74-a-share cash tender offer, which was to expire at midnight Monday, through midnight Wednesday.

The group, headed by the brothers Steven and Mitchell Rales of Washington, in a letter to Interco's board also stated that it would terminate the offer if the company had not agreed by 5 P.M. Wednesday to give the group confidential corporate information or enter into buyout talks.

Cardinal Acquisition announced last Wednesday that Interco stockholders had tendered 29.6 million shares under its offer. Combined with the 3.2 million shares the group already owns, that would give the Raleses control of 92 percent of Interco's shares outstand-

In its letter, the group contended that the only barrier to completion of a buyout was the company's refusal to withdraw its poison pill takeover defense. Last week, the Delaware Chan-

cery Court enjoined the use of the defense, but Interco has appealed the decision to the Delaware Supreme Court, which agreed to hear the appeal on Nov. 30. Interco. which is based in St. Louis, Missouri, is incorporated in Delaware.





Announcing plans in Moscow for last year's big petrochemicals joint venture, in November, were, from left, Francesco Russo and Pasquale Langolfi of Montedison of Italy; Armand Hammer; and S. Koshiba of Marubeni Corp., the Japanese partner.

# Soviet-Japan Deal a Blow to Occidental

By Andrea Adelson

New York Times Service LOS ANGELES — The agreement just nology.

"The Japanese offered such attractive "The Japanese offered such attractive to them" reached between a Japanese consortium and the Soviet Union to study a giant petrochemi-cals complex is seen as a setback to Occidental Petroleum Corp., which announced in June that it intended to head the project in Siberia with Western partners.

The Japanese deal is a sign that Armand Hammer, the chairman and chief executive of Occidental who has had unmatched entree into the Soviet Union, is finding Moscow a more competitive place.

complex costing up to \$6 billion, are Mitsubishi Corp., Mitsui & Co. and Chiyoda Corp., it was announced Friday. Some reports said that an American concern. Combustion Engi-

the past decade.

move to establish footholds in the Soviet

Friday whether it was a participant.

aggressively seeking foreign capital and tech-

terms that the project was awarded to them," In an interview last week, Mr. Hammer

appeared unconcerned that Occidental might soon be eclipsed by its rivals in the Soviet market. "We think we're still in a good position to take advantage of opportunities," he

He added that no single company could expect to monopolize Soviet trade, no matter

impression of their importance to the Los Angeles-based oil and chemical company.

"There's been more hype than success, but

substantial success," said Professor Marshall .: It comes at a time when the Soviets are I. Goldman, associate director of Harvard's Russian Research Center. "As a portion of Oxy's business, it's a small percentage."

But Mr. Goldman stressed that Mr. Hammer had "accomplished more than anyone else" with the Soviets. A consortium of six of America's largest companies has been working for months to

and most complex joint venture with the Occidental's largest Soviet venture is a 20year barter deal for fertilizer chemicals, which was valued at \$20 billion when it was

conclude what is expected to be the largest

Mr. Hammer said. Last November, Occidental, the Italian companies Montedison SpA and Ente Nazionale Idrocarburi, and Marubeni Corp. of

Without partners, Occidental in April made a \$200 million deal to build and operate two polyvinyl chloride plants at Kalush, in the Soviet Ukraine.

The Soviets will pay for half of both com-

#### Japanese Cowboys Find a Home on the Range chord, it is provoking mixed reac- iffs have made the beef industry

By Fred Hiatt

Wushington Post Service
TOKYO — Last summer, after years of pressure from Washington, the Japanese agreed to allow American beef producers to sell more meat in Japan. Then the Japanese set about the business of becoming American beef producers.

When a Tokyo meat wholesaler,

Zenchiku Co., bought the 77,000acre (30,800-hectare) Selkirk ranch in Montana for \$13 million a few days ago, it was not the first and certainly will not be the last Japanese foray into cowboy country. With beef imports set to rise by 60,000 tons a year on the way to full liberalization in the 1990s, Japa-

nese companies are increasingly interested in buying cattle ranches and meat-processing plants in the United States.

Japanese attraction to such acquisitions "has definitely gone up, and we feel there will be more in the future," said David P. Quigley, Asian director of the U.S. Meat Export Federation, a quasi-governmental association.

"For a while, we were running two or three tours per week" by prospective buyers to the United States, he said. "We almost wanted to set up a travel department. Japanese investment in the U.S.

beef industry so far has not been as beavy as in Australia, where it has sparked protests and fears among Australian cattlemen that only Japanese companies' beef products will succeed in the newly opened Japanese market. But even in the United States,

where Japanese investment in gen-

eral has become an issue and for-

eign purchases of ranchland some-

among the most coddled in the looking for Japanese buyers. The whole point in opening up country. A pound of hamburger beef, as a result, can cost \$12 or

the Japanese market was for American producers to be able to sell here," said Billy Cody, director of Oregon's Japan Representative Office in Tokyo. "It's not a question ket access last spring, Japanese of needing Japanese capital to de-

But even as the government was still resisting U.S. pressure for mar-

our products? What is the necessity to come and buy our producers?" Billy Cody, director of Oregon's Japan Representative

What is the mentality that refuses to buy

velop an industry. We have an industry. We already produce very "So what is the mentality that refuses to buy our products?" he

come and buy our producers? Japan's response to the opening of its market to foreign beef, historically closed to most imports, mirrors its reaction to domestic market access by foreign industry

asked. "What is the necessity to

in general. As international pressure and changes in currency exchange rates have made Japan more hospitable to foreign products, Japanese firms have begun supplying many of those "foreign" products by selling U.S.-made Honda Accords, South Korean-made Toshiba videotape recorders and similarly produced

goods in Japan. As Japanese ranchers here coddle their cattle, brushing them and

lian and U.S. beef producers.

Quigley said he was aware of about eight ranches and several beef-processing companies being purchased by Japanese this year, while other companies are building processing plants overseas. Mr. Quigley said his federation.

help U.S. ranchers learn to satisfy demanding Japanese customers. "We see it as a race against Aus-

feeding them beer to make them ers, hurt by depressed land prices

Not all the acquisitions have been publicly announced, but Mr.

while aware of the potential sensitivity, had encouraged the investment so far and had not encountered much opposition. He said that U.S. beef producers would have to compete with Australians for a market share in Japan and that ties to Japanese firms would

tralia," Mr. Quigley said. "We're trying to cement our ties with Ja-

In addition, he said, U.S. ranchtimes strike an especially sensitive tender, so Japan's quotas and tar- and declining beef consumption at

"Some will make the trip all the way out here," Mr. Quigley said. "Hunger makes you look twice." Mr. Cody said Japanese acquisition of ranches and beef processors was "inevitable" for economic reasons. The value of the ven has doubled against the dollar in the past three years, meaning U.S. property has become half as expensive for

Japanese buyers. Still, Mr. Cody said, it troubles him to see Japanese firms profiting from the market opening that was a U.S. goal for so long. Mr. Cody said a major Japanese meat distributor recently approached him looking for a meat-processing plant to buy in Oregon, but he has not responded vet.

Mr. Cody said he did not want to be labeled a "Japan basher."

"To be sticking up for the interests of one country does not mean disparaging another country," he said. "I'm interested in supplying processed products, not just raw "The next step is saying we

should just become a colony. I think the Japanese would feel the same wav. No one knows exactly how many

American ranches the Japanese have purchased. What is known for certain,

though, is that an unidentified Japanese firm has purchased Washington Beef Co., one of the 100 largest in the United States, Mr. Quigley said. Another bought Colonial Beef Co. in Pennsylvania. A fertilizer company bought a breeding ranch in Missouri, a Japanese newspaper

how well connected its executives might be. The Japanese partners in the deal, for a struck in 1973. In the past 20 years, at least five other Except for a 14-month embargo on phos-phate, imposed by President Jimmy Carter proposed business deals between Occidental and the Soviet Union failed to materialize after the Soviet incursion into Afghanistan in after being announced with some fanfare. 1979, the fertilizer deal has been profitable, They gave it to other companies or they neering Inc., was also part of the group. A found they could do it themselves," Mr. spokesman for that company could not say Hammer said. "Future companies have to remember that." Occidental, an oil and chemical company In addition, the Soviet Union, with its based in Los Angeles, has been the Soviet Union's largest American trading partner for Japan agreed to develop and operate a \$6 billion petrochemical plant at Tengis, near the Caspian Sea. strict currency rules and daunting bureaucracy, remains one of the world's most difficult The agreement with the Japanese, an-nounced in Moscow, could be a sign that markets to penetrate. The flurry of announcements of Occiden Occidental's role is diminishing as European, tal-Soviet deals has created an exaggerated Japanese and other American comp

# NASDAQ National Market

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	Leeds Permanent Building Society	£ 135	1998	<b>%</b>	100	_	Over 3-month Libor, Callable at par in 1993, Fees 9.305 Denominations £10,000, (CSFR.)
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	Stop & Shop Finance Int'i	\$200	1996	10%	101%	100.23	Noncellable. Fees 2% Denominations \$10,000. (Banke Trust let'l.)
	Nichirei Finance (U.S.A.)	DM 60	1993	5%	101%	99.88	Nancoliciale private placement. Fees 197%. (Bank of Toky Deutschland.)
	WestLB int'l	DM 100	1994	5%	10014	99.50	Noncollable. Fees not disclosed, (West.B.)
•	Blue Circle Industries	£ 150	2013	10%	991/4		Noncollable. Fees not disclosed. (Baring Brothers & Ca.)
	European investment Bank	DF 150	1998	6¼	1011/2	99.25	Noncollable, Fees 2%. (Amsterdam-Ratterdam Bank.)
	Goodman Fielder Industries	DF 125	1993	61/2	101%	99.88	Noncollable, Fees 176%, (Anna.)
	Nichirei Finance (Holland)	DF 50	1993	6¼	100%	99.38	Noncollable private placement, Fees 197%. (Algemene Bor Nederland.)
_	Rabobank Nederland	DF 200	1995	61/4	101	99.75	Noncofloble, Fees 1%%. (Rebobenk Nederland.)
-	VNU	DF 100	1993	6	101%		Noncollable, Fees 135%, (Bank Mees & Hope.)
	Creditanstalt Banverein	ecu 100	1993	7%	101%	99.73	Noncollable, Fees 1%%, (Mitsubishi Finance Int'L)
_	European Community	ECU 100	1991	7%	101%	99.83	Noncolloble, Fees 15/5% (CSFS.)
	European Community	ECU 100	1992	7%	10114	99.75	Noncollable. Fees 1%%. (CSFB.)
	European Community	ECU 150	1993	7½	101%	99.88	Noncollable, Fees 11/1% (CSFB.)
	Toyota Motor Credit	ECU 150	1993	71/2	101%	99.63	Noncallable, Fees 1%%, (Union Bank of Switzerland Securities.)
	Post-Och Kreditbonken	C\$ 120	1989	1014	100%	_	Noncollable, Fees #%. (Banque Paribas Capital Markets.)
	Canadian Imperial Bank of Commerce (Australia)	Aus\$ 90	1990	14%	101%	100.25	Noncoliable, Fees 116%. (Salomon Brothers Int'L)
	Deutsche Bank Finance	Aus\$ 100	1995	1214	991/4	97.63	Noncolloble, Feas 2%. (Doutsche Bank Capital Markets.)
i	NordLB Luxembourg	Aus\$ 50	1991	14	101¾	100.25	Noncollable. Fees 11/1%. (Norddeutsche Landesbank.)
1	Royal TrustCo	Aus 75	1993	13%	101¾	99.63	Noncollable, Fees 2% (Wood Gundy.)
•	South Australia Government Financing Authority	Aus\$ 100	1994	zero	53%	53.13	Yield 134%. Noncoloble, Fees 14%. (Hombros Bonk.)
	State Bank of New South Wales	Aus\$ 100	1993	13%	102	99,88	Noncolloble, Fees 2%, (CSFB.)
ļ	Unilever Capital	Aus\$ 100	1993	13	102	100.00	Noncollable, Fees 2%, (Deutsche Bank.)
	Alliance & Leicester Building Society	·¥ 10,000	1995	2	10114		Coupon will be 2% until 1992 and 8% thereafter. Noncollable. Fees 1%%. (Witsubishi Trust In/1.)
	Nordic Investment Bank	Y 30,000	1994	4%	1011		Noncolicble, Fees 1%%. (BJ Int'L)
١	EQUITY-LINKED						
	Hitachi Construction Machinery	\$100	1992	ореп	100 -	101.25	Coupon indicated at 5%. Nancollable, Each \$5,000 note with one warrant exercisable into company's shares of an expect ad 29% premium. Fees 214%. Terms to be set Nov. 18 [Namura let'L]
1	Mory Industries	\$ 50	1992	5½ ·	100	101.00	Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 904 yen per share and at 124.9; yen per dollar, Fees 24%. (Nomura Int'l.)
1	OSG	\$30	1992	51/2	100	_	Noncallable. Each \$5,000 note with one warrant exercisable

#### EUROBONDS: Market Pauses to Consider Dollar

into company's shares at 933 yen per share and at 126.30 yen per dollar. Fees 24%, [New Japan Securities Europe.]

the market.

Despite the favorable tax ruling

i ne Austranan dollar sector w

active with seven new issues

launched - far too many for a

market dominated by retail inves-

tors. Rising domestic interest rates

- which have pushed the Austra-

lian dollar to a four-year high against the U.S. currency — have

enhanced the potential for borrow-

ers to swap the proceeds of Euro-

bonds into ever lower-cost floating

In the European currency unit

sector, triple-A-rated Toyota Mo-tor Credit Corp., the U.S. finance company of the Japanese auto gi-

ant, offered 150 million of five-year

outside the fees paid to underwrit-ers and set off howls of protest.

milion of eight-year bonds.

and obtained the guarantee of Fi-

nancial Security Assurance on the interest and principal payments of

the bond issue. This gave the issue a

triple-A rating, and investors were even protected against the credit

standing of FSA since it can be

replaced as guarantor if its own

current triple-A rating falls below

All that plus a coupon of 10%

percent, a whopping 116 basis points over yields on U.S. Treasury

bonds, meant the issue was a sell-

buyout fund that is considering a

bid for RJR Nabisco. And while

Ralston Purina is one of Forst-

mann's partners, the Ralston Pur-

ing itself, they may be forced by the

takeover pools they created to auc-

tion off their own companies to the

single-A.

But in the past few years, invest-ment banks such as Shearson, Mer-ment banks such as Shearson, Mer-partner in the Forstmann, Little

pledged.

years and two months.

(Continued from first finance page).

lems, policy has to be structured to those needs are for tightening."

Mr. Brown concurs, arguing that to delay raising interest rates will only permit inflationary pressures to build up and require even larger Trate hikes at a later date. It would be better to "fine-tune now" with smaller increases than to put it off,

However, higher interest rates, if they come, are not expected to do much to help revive the dollar.

Richard Koo, Tokyo-based economist for Nomura Research Institute, said there were "huge sell orders" of the dollar at 127 yen by Japanese institutional investors who had had been caught by the sharp fall in the rate. The expected dollar sales would effectively set a lid on how high the dollar could

Mr. Koo said that most of last week's dollar sales in Japan were from interbank traders and that institutional investors had not yet omed the bandwagon in any big way. If that changes, he warned, not only would the decline of the dollar pick up speed, but it would also probably be accompanied by a sell-off of dollar-denominated assets, triggering further weakness on Wall Street.

- As for the likelihood of intensiquestionable whether Japan and West Germany want to reverse the decline of the dollar at this point. A more expensive dollar would slow the reduction of the U.S. trade deficit and further widen the trade surpluses of Japan and West Germany, which already are increasing, as well as add to inflationary pres-

Doubts about West Germany's willingness to engage in massive bility must not be bartered away cration. Attempts to achieve too paper.

(Confinued from first finance page)

fect of leveraged buyouts on bond-

holders George Roberts, one of the founding partners of Kohlberg

Kravis last week said, "they should have had covenants" to protect

against them from leveraged deals

Originally, Kohlberg Kravis and handful of other buyout firms

had this lucrative business to them-

Until recently, Wall Street firms

acted strictly as advisers and un-

detwriters in leveraged buyonts.

sending deals to the buyout firms.

who rewarded them with banking

business. They did not invest as

like the one he is proposing.

SEIVES.

much through international cooperation, he said restating a point the west German central bank has to financial structures. We have tools to deal with specific probmonetary policy.

policy would be overburdened if at the same time it alone were expected to stabilize exchange rates, to keep inflation rates low and to facilitate high economic growth and, of course, provide for low interest rates," he said.

Regardless of what intervention takes place, Mr. Brown sees limited upside potential for the dollar because "the trend in European interest is likely to be upwards in coming months. German money market rates could rise by a quarter to half a point over the coming quarter as the Bundesbank responds to monetary growth above

target amidst evidence of economic Mr. Brown added, The prospect of a modest rise in German rates together with the enhanced appeal of DM Eurobonds could bring new ensions in the European Monetary System - to which the Banque de

France would react by allowing some rise in rates, especially in view of the optimistic forecasts for French economic growth." The enhanced appeal of Deutsche mark Eurobonds stems from the government's decision to apply next year's 10 percent withhold

tax on domestic interest only on the coupon payment date, rather than have the tax accrue as the bonds are traded. This method will be applied fied central bank intervention, it is for the next three years, at which point, the government last week said, the procedure will be re-

The move means that foreign investors effectively can escape paying the tax as long as they do not hold paper on the payment date.

DM Eurobond prices have dropped sharply, while domestic bond prices have risen. Until recently, yields on tax-free Eurobonds were 60 basis points, or 0.6 support operations were fed by percentage point, lower than com-Helmit Schlesinger, vice president of the Bundesbank, who last week cantioned that domestic price staliquidity of Eurobonds will push for the sake of international coop-yields 25 basis points over domestic

CURB: Buyouts Could Backfire as Criticism Grows

rill Lynch and Morgan Stanley

have begun raising pools of capital

to invest. By last summer there was

an estimated \$25 billion in equity

capital, which could finance deals

A great deal of the capital behind

the leveraged buyout funds comes

from corporate and state pension

funds. Attracted by annual returns of 40 percent to 70 percent a year,

these institutional investors com-

mitted billions of dollars to buyout

them has given rise to a byzantine

But the mad rush to invest in

tangle of conflicting relationships.

The pension fund of RJR Nahighest bidder.

totaling \$250 billion.

As the first member of the Orga-

other \$8 billion has been repaid

state-guaranteed issuers finding lower-cost sources of money from either the fast developing Euro-commercial paper market, or as the result of swaps from fixedcoupon issues into floating paper at costs substantially below the London interbank offered rate.

The European Commission, for example, last week issued 350 million European currency units (\$415 million) of Eurobonds that will replace a floating rate note issue of the same amount launched in 1986, paying interest of 3% basis points over Libor.

commission will now be paying about 45 basis points below Libor for its money.

Portugal itself raises money in

Limean, the average of the bid/of- after. fered London interbank rate. But in the search of five-year money, Portugal needed to tap either the credit or the bond market. In the credit market, bankers said it to 17½ basis points over Libor.

But in the floating rate market, where the increasingly rare French

Libor. This is the result of an interest rate of 5 basis points over Libor and front-end fees of 5 basis points - both considered exceedingly

thin by market participants. Credit Suisse First Boston officials noted that floating rate notes Lonrho. of Ireland, deemed to be of similar

INTERNATIONAL CREDIT

credit standing to Portugal, trade to yield I basis point over Libor. The private placement of \$400 down sharply at a time when the million of perpetual subordinated available stock of such securities is capital notes for Banque Nationale de Paris is being repackaged and Over the past three years, \$42 sold to Japanese investors as 15billion of such notes have been year floating rate notes. Interest is after called for early redemption; in the set at 85 basis points over Libor for first nine months of this year, ancentage point in the next five years and 110 basis points in the final five years.

This gives an average cost over Libor during the 15 years of 98.3 basis points, a slight saving over the 105 basis points paid last month by Credit Lyonnais to raise \$350 mil-

Three facilities to purchase aircraft are currently being syndicated in the credit market. UAL Corp., parent of United Airlines, has appointed National Westminster and Mitsubishi Trust to arrange a \$1 billion, 10-year loan carrying interest of 1 percentage point over Li-

Gulf Air named Chase Manhattan to organize a \$220 million, 12year credit to finance the purchase of four Boeing 767s. Interest on this loan is reported to be 50 basis. points over Libor for the first eight the commercial paper market at years and 60 basis points there-

Braathens, a private Norwegian airline, appointed Manufacturers Hanover Trust to arrange a \$260 million loan to finance the purchase of 15 Boeing 737s. The credit would have had to pay between 15 will be available to be drawn over a three-year period and then becomes a 15-year term loan.

Interest is set at 55 basis points or Italian guaranteed issues are over Libor during the first five trading to yield 30 basis points be-low Libor, Portugal's lead manag-er, Credit Suisse First Boston, be-points in the final period. During

rently stands at 6.5 percent.

# Fear of Fed Tightening **Cinches Price Decline**

NEW YORK --- A general per-ception that the Federal Reserve Board is slowly restricting the availability of credit and growing fears of a possible discount rate increase helped push the bond mar-

ket lower on the week.

The price of the Treasury's 9% percent bond that matures in 2018 fell during the week, closing Thursday at 100 27/32 from 102 6/32 the previous Friday. Its yield rose to 9.04 percent from 8.91 percent. U.S. credit markets were closed

#### U.S. CREDIT MARKETS

Friday for the Veterans Day holi-

The price of the government's lat-est 10-year notes fell to 99 16/32 for a yield of 8.95 percent, compared with a price of 102 19-32 and an 8.84 percent yield the week before.

In the mortgage sector, Govern-ment National Mortgage Associa-tion issues declined about ¼ point But bankers say investors are reluctant to buy the new issues with the currency valued so high.

Among corporates, about \$1 billion in high-yield, or junk, bonds were issued. But no new investment-grade fixed-rate debt came to

bonds priced to match the 150 mil-Short-term rates rose 10 to 30 basis points for the week. The lion of European Community paper carrying a maturity of four spread between two- and 10-year notes narrowed to 33 basis points its smallest level since early 1984, Many professionals thought said Peter Niculescu, a vice presi-Toyota's pricing too tight. In the aftermath of heavy selling, Union dent of Salomon Brothers Inc.'s bond market research group. Bank of Switzerland, the lead manager, let the price slip to a discount of 2% points. That was % point

The federal funds rate - the interest charged on overnight loans between banks — ended with little change at about 8 5/16 percent, up from 8 3/16 percent.

Despite investor aversion to U.S. Fears of higher interest rates re-surfaced last week after the Labor Department released a stronger corporate issues, a weak credit currently involved in a management buyout was able to market \$200 than expected employment report. It showed a 323,000 rise in non-Stop & Shop Finance Interna-tional collateralized the issue with payroll jobs in October and a drop in unemployment to 5.3 percent. property valued at \$332 million

Another Labor Department re-port, issued Thursday, showed wholesale prices were unchanged in October following a 0.4 percent rise in September. The October result was the slowest rate of wholesale inflation since a 0.2 percent decline in February.

But economists said the wholesale price report did not mean inflationary pressures have disap-peared, and securities market participants said they would not be

#### **U.S. Treasuries**

Close Wil-ope
Bid Ask Yield yield
79 Waz 99 12/22 8,62 8,65
99 15/22 99 17/22 8,73 8,59
100 100 100 127 8,73 8,59
100 20/22 100 20/22 8,78 8,59
98 25/22 8,87 8,72
99 11/22 99 17/22 8,95 8,84
10.0 10.0 ------------------15.02.08 n.g. n.g. - - -15.05.18 100 2472 100 2472 9,04 8,91 Source: Salemon Inc.

ina pension fund is a partner in the Kohlberg Kravis fund. While institutional investors U.S. Consumer Rates may try to pressure the buyout Nov. 11 funds to slow the pace, these institutions are legally committed to provide the capital they previously Money Market Funds Danaghae's 7-Day Average Thus, like some creature devour-

#### 7.44 7.85% Bank Money Market Account Bank Rule Maniter Index Home Mortgage, FHLB everage

# **Good Times for Cost-Cutters**

By Carl Gewirtz ional Herald Tribune

PARIS - Portugal came to the international market for \$700 million last week. But instead of raising the money through a syndicated bank credit, as expected, it opted for a floating rate Eurobond.

nization for Economic Cooperation and Development to tap the market since Australia's \$600 million floating rate note in late 1986, Portugal sought to cash in on investor appetite for sovereign paper. This appetite has driven yields declining.

This is the result of sovereign of

As a result of the bond swap, the

lieves the country can raise money the availability period, the compa-at a cost of 6 basis points over ny will pay a facility fee of 121/2 basis points and a drawing charge of 42½ basis points.

in the takeover market, Midland Bank is reported to be organizing a loan of £1.2 billion to finance Bond Corp.'s effort to gain control of

Safim, the credit arm of the Italian state-owned holding company Efim, is seeking a \$150 million. five-year loan that has captured the attention of many market participants. That is because the lead manager, Manufacturers Hanover Trust, is marketing the credit with interest set at 15 basis points over Libor for the first three years and 171/2 basis points over Libor there-

The terms contrast rather sharply with a loan just arranged by Citicorp for Agusta, another com-pany in the Firm group, bearing interest of 20 basis points over Libor for seven years. Agusta, an aerospace firm, is 98 percent owned by Elim.

Officials at Manufacturers Hanover stress that under Italian law, Efim is legally liable for the debts of subsidiaries that are 100 percent owned, such as Safim, and that this justifies the lower pricing than that

paid by Agusta — a view not shared by all participants. Safim, which had been expected to come to the market for \$200 million, will pay a commitment fee of 7 basis points if less than half the loan is drawn and 5 basis points if more than half is used. Front-end fees of 15 basis points are offered to

banks underwriting \$15 million. Storebrand Finance, Norway's second largest financial company, named Merrill Lynch to arrange a \$100 million loan. Interest is set at 271/2 basis points over Libor but rises 24 basis points if more than one-third is drawn and rises 71/2 basis points if more than two-thirds

is drawn. Dymo Industrier, also of Norway, appointed County NatWest to organize a \$100 million, seven-year standby facility. The facility fee is 84 basis points on the available portion (at least \$75 million) and 6¼ basis points on the amount designated unavailable (no more than \$25 million).

The drawing charge is set at 12½ basis points over Libor during the first four years and 15 basis points thereafter. If more than half the loan is drawn, there will be an additional fee of 5 basis points.

Crédit Commercial de France is arranging a loan of 100 million European currency units for Istituto surprised to see the Fed raise its Bancario San Paolo di Torino. Half discount rate, the interest charged the amount is available to drawn on loans to banking institutions. before long. The discount rate curimmediately and the other half over seven months.

The commitment fee is 10 basis "Inflation is on the move," said points and the interest charge is 15 H. Erich Heinemann, chief economist at Ladenburg, Thalmann & Co. "As a result, the Fed is slowly basis points over Libor for the first three years and then 20 basis

## Saudi Riyal Rates Stabilize

MANAMA, Bahrain — Saudi Arabian riyal deposit rates were steady Sunday as the market settled after a burst of hectic trading prompted by an official statement ruling out a devaluation of the kingdom's currency.

The Saudi press agency issued a statement Saturday saying the government had no intention of devaluing the riyal, now pegged at 3.75 to the dollar.

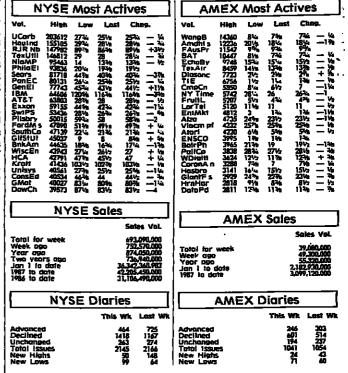
Dealers said trading was light on Sunday, when many offshore players were absent.

But they said they expected another surge of activity on Monday as banks continued to unwind long dollar positions in response to the announcement, which ended two weeks of heavy speculation

Traders had previously borrowed dollars on the forward market amid speculation that Saudi Arabia might devalue the rival to boost the value of its oil sales and help plug a persistent budget deficit.

On Sunday, one- to three-month deposits were indicated at Saturday's closing levels of 9,25 percent, while six-month to one-year rates were steady at 9.125 percent. Rates had moved as high as 10

#### Wall Street Review



National Westminster Finance B.V. (Incorporated in The Netherlands with limited liability) U.S. \$500,000,000 Junior Guaranteed FRNs Guaranteed on a junior subordinated basis as to payment of principal and interest by

National Westminster Bank PLC (Incorporated in England with limited liability)

Notice is hereby given that the Rate of Interest has been fixed at 9,25% and that the interest payable on the relevant interest Payment Date, May 15, 1989, against Coupon № 10 in respect of U.S. \$25,000 nominal of the Notes will be U.S. \$1,169.10 and in respect of U.S. \$5,000 nominal of the Notes will be U.S. \$233.82.

November 14, 1988, London By: Citibank, N.A. (CSSI Dept.),

Agent Bank

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생성

# ECONOMY: A Slower Road Ahead, But Will It End in a Recession?

U.S. economy, as measured by gross national product, is growing more slowly. The annual growth rate has declined from 5 percent last year to between 3 and 4 percent

so far in 1988. Some recent government statis-tics, including those that measure retail sales, employment growth and home construction, are showing signs of weakness.

What is more, economists predict - almost unanimously - that the economy will slow to a growth rate of 2 to 3 percent in 1989. Their views show up in numerous polls.

Many of the economists also foresee a recession, starting in 1989

The economists offer three possible scenarios of what slower eco-nomic growth might finally produce. The outcome of one scenario is a stable economy, but the two

Berner of Salomon Brothers calls it, would have GNP slowing in 1989 to an annual growth rate of 2 to 25 into the 1990s. This rate is considered by many to be the maximum that the United States can sustain without inflation.

But sustaining a steady growth rate of 2 to 2.5 percent requires just the right level of domestic consumption and overseas demand for American exports.

The consensus view of most economists is that a Goldilocks economy cannot survive beyond 1990. A major reason is that the

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

| Continued | Surry Fd | Surry Fd

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U.S. economy might lack the flexi- But the higher rates might cause another consultant, shares this bility to grow by more than 2.5 consumption to drop much more percent a year without a significant sharply than the Fed would expect, rise in the inflation rate, some and the economy might stop groweconomists say.

the Federal Reserve Board, is cause the next recession — when among the economists warning of there is one — and it is going to say the shortages and inflation that on its bottom, 'Made in Washing-tion rate would fall from its cu might result from this squeeze. Nevertheless, for those investors Nobel laureate in economics, refer-rates would also decline.

Alan Greenspan, chairman of

who believe that a Goldilocks econ-ring to the Fed. Nearly every recesmight be a good investment be-cause their value usually goes up terest rates.

'I know exactly what is going to cause the next recession — when there is one — and it is going to say on its bottom, "Made in Washington."

Paul A. Samuelson, economist.

others culminate in recession.
GOLDILOCKS ECONOMY: during periods of stable economic The "Goldilocks" scenario, as Mr. growth.

Remar of Salomon Brothers calls it. THE FED'S RECESSION: Many economists predict that the next recession, when it comes, will be a result of Fed action taken to prevent an inflationary upsurge

that would result if the economy were to expand at a 3 percent annual rate or more. Fearing shortages and price increases because of insufficient factory capacity and too few workers, the Fed would force up interest rates. Its goal would be to discourage the borrowing that is necessary

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**.285** 25

For those expecting a Fed-induced recession next year or in 1990, one often-mentioned investment strategy is to keep savings temporarily in money market ac-counts or in short-term Treasury bills. Then, when rates seem to have peaked, the idea is to switch to bonds to lock in the peak rates.
NATURAL RECESSION: A

few economists, however, are saying that domestic consumption and exports are already in the process of collapsing on their own, without any action by the Fed. "Evidence of deterioration in the

to sustain consumption, thus forcing the economy to slow to the Janeway, an economic consultant, include in the diversification some desired growth level of 2.5 percent. in a newsletter. A. Gary Shilling,

igles in Net 180s High Low Clase Chige

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30% — 2% 17% — % 5% + % 6% — %

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(Continued from Back Page)

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If they are right, then a recession could develop without any action ing altogether.
"I know exactly what is going to by the Fed. It would come because the weak demand would force com-

In the process, the annual infla-tion rate would fall from its current ton," said Paul A. Samuelson, the 4 to 5 percent range and interest

For those who believe that this omy is possible, stocks and bonds sion since World War II has been process is already under way, the standard investment reaction is to buy long-term bonds. The idea is to lar and lower Wall Street were lock in the present, peak rates before they fall.

Another standard reaction is to pay off debt, out of fear of losing one's job in a recession and then not being able to maintain loan payments. But so far, there is not much evidence of this reaction.

"When people cut back on their borrowing, they do so because of income uncertainty, of which there almost none right now," said Albert T. Sommers, a senior economist at the Conference Board, a business organization. Mr. Samuelson is also reluctant

ping like mad for signs of economic weakness, and they do not treat even-handedly signs of strength." But even if a recession were to occur, Mr. Samuelson said that he would not alter his basic investment strategy — the one he recom-mends for the National Academy

to run for cover. "Everyone is shop-

of Sciences as a member of its finance committee. That strategy is

Hong Kong

Prices finished the week virtually unchanged, with both indexes finomating less than one point.

The point is and Newcastle shares in the hour following the referral to take its stake from 14 per cent to 24. The Department of Trade and Industry requested that Elders stop buying the price of t picked up 0.56 points over the week to close at 1,702.79. It had dropped 19.70 points the week before.

SNe Signer Signe

WORLD STOCKS IN REVIEW / Via Agence France Presse

#### Amsterdam

The market was depressed last week, with prices under pressure every day but Tuesday. The ANP-.CBS general index lost 10.4 points for the week to finish at 272.8.

Volume rose to 6.413 billion gnil-ders from 6.508 billion the previous Tuesday's gains were in anticipa-

tion of a victory for George Bush in the mood did not last. A weak dolagain the main worries.

The Kempen & Co. brokerage said it saw no reason to change its very cautious view of the market.

#### Frankfurt Trading was nervous and uncerthe week, while government bonds

nated by the U.S. presidential election

The week was dominated by the On Friday, the dollar's sharp U.S. presidential election. Invesdrop depressed the market, which was already in a somber mood betors awaiting results remained pru-dent, while the market had already chosen its candidate, Mr. Bush. With polls in his favor, the market cause of a shortage of investors.

The Commerzbank index finished the week at 1,566.2, down managed to rise Tuesday.

44.3. Auto stocks were hit hard, with BMW dropping 20.50 DM to 517, Daimler-Benz 25 to 733, and However, Mr. Bush's election brought a sharp fall in values Wednesday morning. The massive trade and budget deficits he will Volkswagen 8.10 to 302. Among chemicals, Hoechst finished at 288.50, down 7, Bayer lost 10 to 289.50, and BASF shed 10.30 to close at 268.20.

In pharmaceuticals, Schering bucked the trend, adding 2 DM on the week to 570.20. In the electrical sector, AEG policies and gnarding against infla-ioned by 4.50 to 190 and Stemens ion caused an already hesitant

dipped by 4.50 to 190 and Siemens 13.40 to 468.80.

Department stores were irregular, Horten rising 3 to 213, but Karstadt plunging by 33 to 415.

Banks moved lower: Dresdner down 3.70 to 292.50, Commerzbank 7.80 to 236.70, and Deutsche 16.20. 500.20 16.30 to 509.20.

Volume on the eight West German exchanges totaled 14.14 billion DM, against 14.86 billion the previous week.

The key Hang Seng Index shed 0.67 points to end the week at 2,583.74. It had dropped 29.96 points the previous week. The broader based Hong Kong Index

#### The market began on a dull note, but bargain-hunting lifted prices Tuesday. However, profit-taking, on Wednesday erased all the gains. A fall Thursday, in line with Wall at 591.68, compared with 588.21 a

Street, was followed by a recovery week earlier. Operators said the mood was un-Friday,

# Average daily turnover shrank to certain. A daily average of 47 mil-526.4 million Hong Kong dollars from the previous week's 712 mil-45 million the previous week.

The Financial Times industrial in-

London

weakened.

market to become depress

20 percent stake in Lonrho.

and Mergers Commission.

Lloyds Bank fell on speculation

that its link with Abbey Life would

be blocked by Abbey shareholders. Consolidated Gold Fields made

progress when Minorco announced

On the takeover front, conglom-

erate Lonrho's shares were erratic,

#### Ferrozzi Agricola jumped by 7.93 percent while Ferfin managed a 1.24 percent gain and Monte-dison was off 0.58 percent.

Fiat lost 0.58 percent and CIR 0.45, while Pirelli tacked on 0.80 Stocks fluctuated irregularly downward during the week, falling for the third week in succession. percent. Olivetti was down 2.31 percent and Generali up 2.27 perdex closed at 1,461.2, off 24.4

In the banking sector, Mediobanca was up 0.73 percent on the week, Comit 5.72 percent, Credito Italiano 2.40, and Banco di Roma 0.84 percent.

Bourse prices fluctuated narrowly in a week shortened by the Nov. 11-holiday. The CAC index finished at 395.6 on Thursday, against

397.1 the previous Friday. Prices were held back by Wall Street's poor performance, despite the election of Mr. Bush. Paris analysts said there was concern about the new administration's ability to weighed on the trend.

Elsewhere, publication of the Bank of England's quarterly statement advising restrictive monetary policies and guarding against infinite control of the control of

Continuing labor agitation in the French public sector also inhibited activity, analysts said.

#### Singapore

while the market speculated about Share prices fell in dull trading intentions of the Australian busion a weaker U.S. dollar and poor nessman Alan Bond, who holds a performances of overseas markets. The Straits Times Industrial In-In the brewery section, Scottish and Newcastle's shares fell after dex lost 13.45 points to end the week at 1,015.03. The key market barometer had fallen 6.53 points referral of the Elders Group's hostile takeover bid to the Monopolies the previous week. Trading was shortened to four days because of a Elders reacted by buying Scot-

holiday Tuesday.

After the holiday and the U.S. election, prices rose marginally, but sentiment was not sustained and earlier gains were crased.
Volume for the week was 60.9

million shares, down from 75.9 million the week before.

#### Tokyo

Share prices soared, the key Nik-kei average finishing at an all-time high on Friday. . would keep its 29.9 percent stake

The average of 225 selected issues gained 323.15 yen on kinday to close the week at 28,489.57, top-6 ping the previous record of 28,423.38 yen set on Aug. 5. For the week, the Nikkei was up 442.83

The market was closed Saturday for a business recess.

#### Daily volume averaged 1.027 billion shares, down from the previous week's 1.35 billion.

#### Zurich

Prices dropped for the week amid market surprise at the extent of the dollar's drop despite the cloction of Mr. Bush to the U.S. presi-

The Credit Suisse index finished the week at 487.6, against 499.6 the previous Friday, while the Swiss Bank Corp. indicator ended at 546.3 against 559.1. Volume was

## **Euromarts** At a Glance

<b>Eurobond Yields</b>		
,	(pr. 9	Nov
U.S. S, left lest, 2 yrs & orer	9.31	9.1
public issuers, \$ yrs & over	9.27	9.2
other lessors, 8 yes & over	9.50	9.4
other issuers 5 to 7 Y/3	9,79	9,11
Pounds sterling, 5 to 7 yrs	10.60	10.5
Prench fruncs, less than 5 yrs	8.70	17
ECU. I yrs & over	7.92	7.9
5 to 7 vrs	7.77	7.3
Dama, S. 5 to 7 yes	1843	10.3
Ass. S. less than 5 yrs	1323	13.7
N.Z. S. Yess (bon 5 yrs	12.64	137
Yer 2 yes man yes	5.43	57

5 to 7 ws 4.58 Weekly Sale: 5 Next 5 Next 5 Next 277.60 2.283,19 1,472.00 2.284.00 28.20 279.20 \_ 255.30

	1000000		
ECP		719.00 2,832	
Total	8,068.10 12.5	77.90 16.542	<b>11,324</b>
Source: E	roclear, Ced	eL	
Liber !	Rates		Nes. 1
	1-month	3-month	6-1000
U.S.S	a 9/16	9	5
Déalacha in	ant 44	4 15/16	
Poyed stern	lag 11 15/14	123/16	12%
French from	e 8	876	87/16
ECU	79/16	7 11/16	711/14
Yen	4 1/16	47/16	47/16
Source: A	Aorgan Guar	anty, Llov	rds Ban

Option & price Colls

## American Exchange Ontions

Fig	gures as of close of tradi	ge Charan ng Friday.	Nov. 11		r 16 1 r 345 1-1 6 15-16 21	r r RohmH 20 r 3/z r
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40 354 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Contents 55 SNs 5% March 100 SNs 65% SNs 65% March 100 SNs 65% SNs	14   17   13   13   16   19   16   17   17   17   17   18   18   18   18		Narrota 25 27th 35 27t	「「	T

# Chicago Exchange Options

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Alexandra Andrews Andr 

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Monday, November 14, 1988

# PERSONAL INVESTING

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# Platinum Bulls Bet on Coins

N SEPT. 28, at the Waldorf Astoria Hotel in New York, an unusual announcement was made. At a seminar for industry professionals; Johnson Matthey, one of the world's largest refiners of precious metals, stuck its neck out and predicted a five-year platinum shortage.

A major source for supply and demand data, the firm previously limited itself to one-year forecasts. And the market's response was almost immediate. The price of platinum, which had steadily fallen to \$485 an ounce last September from a high of \$640 in May, rose \$9. It now trades at close to \$580 an ounce. The reason for Johnson Matthey's prediction had

The reason for Johnson Matthey's prediction had little to do with a surge in industrial demand or a sharp drop in mine output, the traditional explanations for market imbalances. Instead, the forecast relies heavily on the assumption that sales of the metal to investors will increase substantially, thanks to the introduction of platinum coins.

In mid-September the Australian Koala went on sale and later this month Canada will introduce a platinum Maple Leaf. These are the first platinum coins sponsored by major natural resource powers with marketing muscle.



Johnson Matthey is involved in the promotion and distribution of the Coals are an indication of how investors will greet the Maple Leaf, the company's

confidence in the coins is not unfounded. Stephen Gottwald, GoldCorp Australia's North American general manager, says Koalas are selling 150 percent better than expected. At the current rate of consumption, coin promoters say investor demand will double to about 400,000 ounces within the next 12 months.

Before the success of the Koala, analysts were expecting a platinum ght, as new South African mines came on stream. Now, most agree that continued sales of the coins are the only hope the platinum industry has for averting sagging prices and an oversupply. "The debate in the platinum industry is how long investor interest can last," says Rhona O'Connell, a precious metals analyst at Shearson Lehman Hutton in London.

Indeed, some analysts believe too much is being made of investor participation in the market. "Platinum is not like gold," argues Jeffrey Christian, managing director of CPM Group, an international precious, metals research and consulting firm. "It behaves more like a commodity. And traditional buyers, trading commanies and industrial users, will abandon the market at the first bump, killing off shaky, small investor demand."

N FACT, Mr. Christian believes there is a surplus of platinum. Recycled platinum and stocks that were warehoused in the event of economic turmoil in South Africa will produce a record oversupply of 450,000 ounces in 1988, he says. "That will reverse any temporary shortage."

Moreover, although Mr. Christian believes prices may advance just beyond \$600, he believes the upswing will be short-lived and that prices will descend to a more realistic level of around \$540 per ounce by February. As the surplus increases in following months, he sees prices declining even further.

Bruce Kaplan, president of A-Mark Precious Metals, a distributor for both the Koala and the Maple Leaf, contends that those who doubt the staying power of platinum do not understand the retail combusiness.

Although platinum displays the same kind of erratic price swings as other commodities and frequently falls below the price of gold, despite its greater rarity, it has a history of outperforming gold in times of high inflation. According to Mr. Kaplan, now that the Koala and Maple Leaf are making platinum widely available to small investors, it will be bought as long-term protection against inflation.

"The advent of the small investor salting these coins away regardless of fundamentals is and will continue to drive the platinum market," declares Mr. Kaplan.

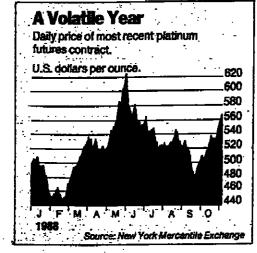
Not surprisingly, the viewpoints expressed by most analysts fall somewhere between Mr. Christian's skepticism and Mr. Kaplan's optimism. "The marketers are facing heavy odds, but that's not to say they'll lose," says Ms. O'Connell of Shearson Lehman Hutton.

ARLIER in the year, Ms. O'Connell predicted a 244,000-ounce surplus for 1988. She revised her supply and demand predictions as a result of the Koala's initial success and what she says was "a slight overestimate of South African platinum production." She now expects coin sales and the lower-than-expected South African output to result in a virtual balance between supply and demand for the next 18 months.

"The bottom line," says Ms. O'Connell, "is that for platinum to really establish itself as a long-term investor's metal we need a thumping good market for the next 18 months."

If that happens, a new plateau of constant investor demand could be reached, and "rather than having a glut and shimping prices, we should have a hell of a good market for the next 10 years," says Ms. O'Conneil, who believes platinum will climb to \$600 per ounce by the end of the year.

David Lanchner



# Coping With the Escalating Costs of Investing

U.K. investors turn to a new breed of discount brokers.

By Marybeth Nibley

RIVATE investors in Britain must wonder sometimes if becoming a member of the share-owning public is worth the price of admission. Despite the government's promotion of stock ownership through incentives and privatizations, individuals are having a tougher time buying stocks. The reason: costs.

buying stocks. The reason: costs.

First came Big Bang, the deregulation of London's stock market in October 1986. Before Big Bang, private clients were subsidized by the fixed commissions paid by institutional investors. With the elimination of fixed charges, brokers pared fees to the bone to attract lucrative institutional business. But dealing costs to individuals rose.

costs to individuals rose.

Then came the Financial Services Act in 1988. The new law has meant a significant increase in overhead for the securities industry. Brokers complain that new regulations have increased their record-keeping requirements enormously and forced them to devote costly staff time to compliance.

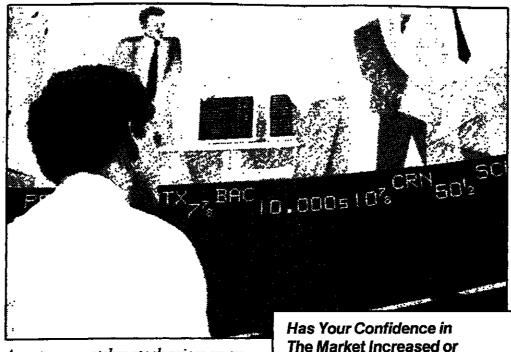
As a result, big brokerages are taking a critical look at their operations. A few, like Phillips & Drew, dropped out of the private client business altogether to focus on more profitable financial services. Others decided to serve only wealthy private customers.

Indeed, many brokerages are turning away from executing trades for individuals, preferring the economies of discretionary money management. Mercury Rowan Mullens Ltd., for example, requires a minimum investment of £50,000 (about \$90,000) for an actively managed portfolio. The firm charges a fee of £500 or 1 percent of the assets under management.

For amounts starting from £250,000, Mercury will tailor a portfolio to a client's needs. The fee is £2,500, or I percent of the assets. As for trades, Mercury charges a 1.65-percent commission on the first £10,000. As the volume rises, the commission declines.

Still, there are brokerage services who cater to the less affluent. For individuals who feel confident about making their own investment decisions, some of the big London-based investment houses and some of the regional brokers offer execution-only services or dealing services with a just a few frills. Also, cost-conscious investors can use telephone dealing services, but the choices are limited.

Mark Collier, director and general manager of Fidelity Portfolio Services Ltd., says their Share Service launched in June is a low-cost alternative for



A customer watches stock prices on an electronic display at a Fidelity office in midtown Manhattan.

experienced investors who watch the markets closely. "Basically we're pretty pleased with the response, considering the dull markets," he says. "We see enormous opportunities."

Fidelity has a minimum commission of £25, an amount within the range charged by competing services. Moreover, a fixed charge of £50 on deals worth between £3,900 and £20,000 makes Fidelity's one of the least expensive ways to execute moderate trades.

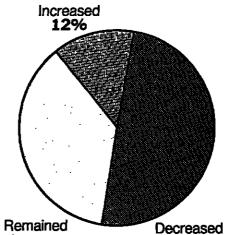
To hold down costs, the service is operated on a nominee basis. Clients' stock certificates are registered in the name of a nominee company, removing the need for forms to be sent back and forth between the customer and the company. And to discourage mactive investors, Fidelity levies a £20 administrative charge on any account that records less than three deals a year.

Among the telephone dealing services, Sharelink is the oldest and largest. Established in the spring of 1987, it now has more than 20,000 clients. Sharelink charges a 1.25 percent commission on transactions worth between £1,200 and £2,000 and 0.75 percent for

Continued on Page 14

Here is how 2,400 individual investors responded to that question in a survey done by Charles Schwab in September.

Decreased Since the Crash?



Remained Decrease the same 49%

U.S. investors face stiffer fees and less personal service.

By Cynthia Catterson

New York
TUNG BY A 35 percent drop in retail trading activity since last year's crash, U.S. brokerages want the individual investor back—but not at any price.

That will be clear to investors who call their broker these days. They encounter a substantially leaner service industry geared to wringing more profit out of a narrower retail customer base. At some brokerages, particularly the discounters, that translates into higher trading commissions. It also means stiffer fees on special products and less personal service for all but the biggest customers.

Of course, fee boosts by themselves are hardly unusual. Most brokerages revise their commission schedules every few years to keep up with inflation and higher overhead, and recent increases are far from staggering in percentage terms. The big difference now is that brokerages are trying to pass along higher costs to a clientele still traumatized by last year's crash. Brokerages risk giving individual investors just one more excuse to avoid the markets.

"The big question these days is when are the small investors going to come back to the market," remarks Larry W. Carroll, president of Carroll Financial Advisors, a financial planning firm in Charlotte, North Carolina. "On a percentage basis, the newer rates won't really affect investors to a great degree. But psychologically, the higher fees are a deterrent from trading in the market."

But the issue goes beyond fees. More than ever, the industry has carefully tailored the level of service to how much business the client does. Just as the securities industry has re-evaluated its relationship with the client, so should investors take a harder look at whether fee structures and service levels answer their needs.

Customers who trade infrequently will find themselves increasingly shunted off to service representatives rather than professional brokers. "Instead of giving each client a personal broker, brokerages are staffing their retail offices with customer-service-oriented people." notes James B. Cloonan, president of the American Association of Individual Investors.

"The new staff is likely to be younger and trained to just answers calls and questions," he says.

Seasoned professionals who make client calls with investment advice are steered instead toward the large-

Continued on Page 14

#### BONDS

# The Coming Test For Junk Bonds

The market braces for a surge of new issues.

By Michael D. McNickle

ANAGERS of funds that specialize in junk bonds — those below-investment-grade securities that pay above-average yields — are wrapping up a sterling year.
High-yield bond funds tracked by

ping up a sterling year.

High-yield bond funds tracked by CDA Investment Technologies of Rockville, Maryland, rolled up an average total return in the first 10 months of about 12 percent, outdistancing the 7.8-percent return generated by funds that concentrate on U.S. Treasury and agency securities. Helped by such strong performance, the funds pulled in about \$3.9 billion in net sales in the first three quarters, reports the Investment Company Institute, bringing their total assets to over \$33 billion.

But in the months ahead, the junk bond market faces a test. It may be called on to digest billions of dollars of new issues that are expected to finance such mega-takeovers as RJR Nabisco, Kraft and Pillsbury.

Several of the proposed takeovers are still in the bidding stage, so the size and timing of the resulting bond issues remain uncertain. But the proposed takeovers could produce a feast of new issues in the final weeks of the year—pethaps totaling as much as \$10 billion, says John Lonski, senior economist at Moody's Investors Service. That amount is on top of the \$6 billion of new issues already on tap for November.

For the moment, junk bond specialists say the market's appetite seems up to the challenge. They note that new issues are running 20 percent off their 1987 pace. If all the deals anticipated were to come to market, 1988's total new issues would exceed 1987's \$35 billion by only \$1.7 billion by only \$1.7 billion.

Even the likely buyout of RJR, which alone may generate a junk bond issue of \$3 to \$5 billion, could be absorbed, says Kenneth Urbaszewski, co-manager of the \$1.1-billion Kemper High Yield Fund. But he acknowledges that such a large issue could "be an interesting test" of the market's capacity. Currently, he is building up his holdings of high-yielding securities,



Kenneth Urbaszewski, of Kemper High-Yield Fund.

though cash still accounts for between 20 and 25 percent of his portfolio.

Beyond the supply issue, another question hanging over the market is whether Washington curtails the boom in leveraged buyouts through taxes or some other measures. But Mr. Urbanewski says such a move could have the perverse effect of driving up junk bond prices by restricting future supply.

"It would be a big plus for the high

prices by restricting future supply.

"It would be a big plus for the high yield market," he says.

In the longer view, the worry for investors in junk bonds is not supply, but what happens when the next recession hits. The issue goes to the heart of the risks involved in issues associated with highly leveraged takeovers.

Most of these deals make two crucial assumptions. The first is that much of the debt incurred by the surviving company will be paid off through the sale of assets. The second is that the company's cash flow will remain strong enough to meet the payments on a substantially increased debt burden.

Signs of a weakening economy could seriously undermine both assumptions, and some followers of the high-yield bond market admit it is hard to say what impact the next recession will have. Junk bond advocates have always argued that the powerful effect of compounding interest from securities yielding as much as 5 percentage points over Treasury bond yields more than offsets the effects of the occasional default. In this view, junk bonds can still consistently outperform Treasury

Continued on Page 15

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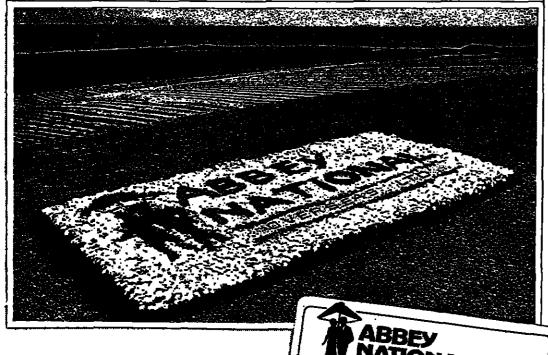
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THE TRADER

# **Investing:** The Price Goes Up

sions. At some brokerages, the internal pay incentives have been changed to reinforce this trend. At Kidder Peabody, a trade must generate at least \$50 in commissions before the broker gets a share of the take. That is up from imum of \$35 last year. At Prodential

\$60 from \$50 last year.

Much like retail banks, which lowered transaction costs by encouraging the use of automatic teller machines, brokerages are try-Discounter Charles Schwab & Co. cuts 10 percent off its posted commis shone service to obtain price quotes and to place orders, rather than engaging a Schwab

Such changes are just a few ways that brokerages, which have been through rending employment cutbacks, hope to build up a seriously depleted bottom line. A recent Securities Industry Association report brought home the crunch. It showed the profitability of U.S. securities firms fell 50 percent in the second quarter from the first quarter, whether measured by total earnings, profit margins or

From the investor's perspective, one crucial trend is the narrowing of differences between

The discounter's edge begins to widen with bigger trades.

charges of full service brokerages and those of the discounters. Schwab's new fee structure increased commissions an average 10 percent, while Fidelity Brokerage Service's new price On many smaller transactions, that just about erased the discounters' fee advantage.

Depending on the brokerage, commissions are typically based on formulas that combine factors such as the total dollar amount of the Commissious on smaller trades take a larger percent of the overall transaction than a larger order because a broker incurs fixed costs to process the trade, regardless of its size.

Schwab's comr that combines a fixed rate for each of six categories based on the trade's dollar value, plus a percentage of the actual amount. For example, any trade with a value of between \$1 and \$2.500 carries a base commission of \$26. Then 1.6 percent of the actual amount traded is added to the base fee. A trade of 100 shares of stock at \$10 shows

now charges for these smaller transactions have converged at discount and full service brokerages. At Schwab, this trade would incur a flat fee of \$26 phrs 1.6 percent of \$1,000, or \$16, for a total charge of \$42. At Fidelity, it would cost about \$41.75.

The same trade could be made by Paine Webber for \$41, actually less than the Schwab charge. Merrill Lynch, another full service broker, would charge \$50. This narrowing of differences just reflects the industry's general unwillingness to compete for the low-value

For trades of very small value, or for those under 100 shares, called odd lots, discount brokers often charge far more than a full service firm. Trading 10 shares of a \$10 stock at Schwah, for example, costs \$39, or 39 percent of the trade's value, versus a charge of \$17 at Paine Webber. But both fees are still

#### Comparing 4 U.S. Brokers

No minin	num commission		Percent of
•	No. shares	Commission	trade value
	100	\$50.00	5.0%
<b>\$10</b>	300	\$115.50	3. <del>9</del> %
Stock	1,000	\$252.00	2.5%_
	100	\$85.50	2.9%
\$30	300	\$194.50	2.2%
Stock	1,000	\$460.00	1.5%
	100	\$97.00	1.9%
<b>\$50</b>	300	\$259.00	1.7%
Stock	1,000	\$570.00	1.1%

-	100	\$42.00	4.2%
§10 .	300	\$69.00	2.3%
	1,000	\$99.00	1.0%
-	100	\$49.00	1.6%
530	300	\$96.00	1.1%
Stock	- 1,000	\$151.00	0.5%
; ;	100	\$49.00	1.0%
50	300	\$114.00	0.8%
Stock	1.000	\$191,00	0.4%

\$10 Stock	100 300 1,000	\$41.75 \$68.75 \$98.75	4.2% 2.3% 1.0%
\$30 Stock	100 300 1,000	\$48.00 \$95.75 \$150.75	1.6% 1.1% 0.5%
\$50 Stock	100 300 1,000	\$48.00 \$113.75 \$190.75	1.0% 0.8% 0.4%

\$10 Stock	100	\$35.00	3.5%
	300	\$39.80	1.3%
	1,000	\$64.00	0.6%
• • • • • • • • • • • • • • • • • • •	100	\$35.00	1.2%
\$30 Stock	300	\$75.00	0.8%
	1,000	\$199.00	0.7%
tEN .	100	\$48.44	1.0%
\$50 Stock	300	\$108.67	0.7%
	1,000	\$149.00	0.3%

An alternative for sellers of odd lots is to uld be willing to buy the shares back direct-Some companies do so because eliminatine odd lots cuts down on bookkee

Where the discounter's edge begins to widen is with bigger trades. A trade of 300 shares of stock priced at \$30 costs about twice as much to execute at Paine Webber as it does at

But the differences among the discounters and full service brokers on these larger trades may be less in practice, especially for active

According to Mr. Carroll at Carroll Financial Advisors, active investors with \$100,000 in their account can almost certainly bargain a big discount off the posted rates from a full service broker, particularly now, when compe-tition for trading is fierce.

"More full service brokers are giving dis-counts to be competitive with the discount brokers," notes Mr. Carroll. "But investors

The newer rates charged by the discounters not only narrow the gap between their fees and those of the full service brokerages, they widen the distance between other seconds bare-bones discounters that typically provide execution-only services. These disc which include firms such as Rose & Co., Quick & Reilly and Brown & Co., are confident that their no-frills service and low overhead will see them through without rai

"We can keep costs low because our customers do all their own work," said George A. Brown, president of Brown & Co. Securities Services, a Boston-based discount broker.

Of course, commission costs alone are not the only consideration when choosing a broker. Traditionally, full service brokers tend to charge more than discounters because they provide research and professional advice.

"If an investor needs someone to help him generate ideas for investing, then it's worth the extra cost to use full service," says Mr. Carroll. "But if he's simply looking for trade execution, there's no reason to pay more."

# **U.K.** Investors Turn to Discounters

Continued From Page 13 trades up to £7,000. Above this level, the

commission is 0.2 percent.

David Nugent, administrator of Pillings'
Shareline, another telephone dealing service, says business is starting to pick up as customers regain confidence in the market.

Pillings, a Manchester firm that specializes in private clients, took on no new Shareline clients between November 1987 and February 1988. It has acquired two to three new clients

Commissions range from 1.25 percent on the first £7,000 and 0.55 percent on trades up to £15,000. Thereafter, rates are negotiable.

Some of Britain's banks and building societies offer customers a means of buying and selling stocks and other financial instruments. In most cases, the service is available only to those who have accounts at the institution

At Barclays, clients can transact investment business through Barclayshare, which in-cludes an execution-only service and an advisory service that provides model portfolios for individuals and a monthly market newsletter.

Operated under a nominee system, payments are deducted directly from client accounts; dividends are also directly deposited. The minimum commission is £16.

Something called "touch screen" dealing is available to customers of National Westminster Bank. Other banks have announced plans to develop their own versions of the concept.

Despite some skepticism on the part of ers, there is growing accept NatWest spokesman says. So far, the facility is available at 250 NatWest branches and there are plans to expand the network.

The key feature of touch screen dealing is

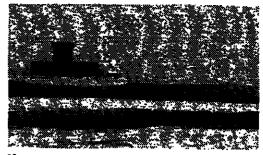
that a customer can walk into a NatWest branch and watch a computer screen while an order is executed and leave knowing the de-tails of the deal with a contract note in hand. Currently, the service is available for trading in 100 British stocks. The minimum charge is £25. Trades below £125 are charged 20 percent of the value of the order. Commistions then decline from 1.5 percent on the first £5,000 trade to 1 percent on the next £5,000.

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Percent trade value

5.0% 3.9% 2.5%

2.9% 2.2%

1.5%

1.9%

1.79

1.1%

2.3% 1.0%

1.0%

0.8%

0.4%

4.2%

1.0%

1.60

1.1%

0.5%

1.0%

0.8%

0.4%

3.5%

1.3%

0.6%

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rates charged by the disease

Tow the gap between their

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By David Lanchner

few and far between. Many issues fell to

abnormally low valuations. And yields,

traditionally lower than those offered by

government and corporate bonds, rose

and in some cases exceeded returns on

Since then, however, a sense of normality has returned to the market, and con-

vertible bonds are again being tonted as the answer to a timid investor's prayers.

After all, they offer the best of both

worlds: steady income, like conventional bonds, and potential capital gains, like

Mutual funds that invest in convert-

ibles, the most popular choice for individ-

uals attracted to this hybrid security, aver-

aged a total return of 12.1 percent in the

first nine months of the year, according to

Lipper Analytical Services. This surpassed

the performance of all other bond fund

Although the spectacular yields are

gone — falling to around 7 percent a year from a post-crash high of about 10 percent

- and total returns have suffered, con-

vertible bonds remain a tempting invest-

ment for those uncertain about where the

"It's a chicken share, and given the blurred outlook for the markets it's proba-

bly not a bad time to buy them," says Art

Micheletti, head of fixed-income research at Bailard, Biehl and Kaiser, a money-

management firm in San Mateo, Califor-

The convertibility feature allows inves-

tors to exchange the bonds for a fixed

number of the issuer's stock if its price

climbs. If the share declines, fixed returns

Although prices of convertible bonds

respond to changes in the underlying

share's value, they do not move as far or as fast as the issuing company's common

stock. Convertible prices may move 50 cents for every \$1 change in the price of

the underlying stock. This is an important

feature for risk-averse investors who sus-

pect the market may be turning down-

Investors, however, must pay for these

safety features. On average, convertibles

stock market is headed.

categories as well as most stock funds.

other fixed-income securities.

HEN BLACK MONDAY

rocked the stock market,

convertible bonds suffered a

panic similar to the one that

counter stocks. Buyers were

have appeal

in uncertain

times.

# **Movie Posters' Glory Days**

By Cynthia Catterson

OR COLLECTORS who have watched with fascination as the market for movie memorabilia has grown steadily stronger and costlier over the past year, motion picture posters may be a less pricey way to participate in

Ira Resnick, director of the Motion Picture Arts Gallery in New York, says prices for many film posters have increased steadily in the last five years. For example, posters bearing the image of Bette Davis cost about \$250 in 1980. These days, posters of the actress, depending on the importance of the film, command about \$2,000.

"Collecting movie posters is one way for people to feel like they have a part of show business history," Mr. Resnick says. "It's one thing to have a video of a classic, it's another thing to have an original piece of advertising that came directly from the studio" and

in many cases, was approved by the star. Movie posters range in price from a few dollars to a few thousand dollars. As with most collectibles, prices are determined by the vagaries of supply and demand. Further, unlike buying fine art, where the artist and his palette are key, a poster's value is ganged by the film's success, the stars who are depicted, and the overall visual appeal of the artwork.

Popular movies and celebrities are without a doubt the most collectible. A poster with Mariene Dietrich, for example, is likely to command more than 10 times the price of a poster with similar aesthetic beauty but created to advertise a B-movie with unknown actors, notes Mr. Resnick.

Other details that come into play include a poster's size. Studios produced posters in a wide range of sizes from mini-window cards that were 8.5 (22 centimeters) by 11 inches to so-called sheets. The standard

poster size is one sheet, 27 by 41 inches. While the smaller sizes are more widely collected because they can be hung in a home, they were also mass produced for distribution. As a result, the larger, six sheet renditions, measuring 81 by 81 inch-

es, are usually more valuable,
Lobby cards, 11-by-14-inch displays that were
made of light cardboard and were usually posted in a
'theater lobby, have gained in popularity recently,'

too. Some cards from top films now sell in the \$1,000

In general, films from the 1930s and early 1940s are the most popular and most valuable because of their rarity. Although studios at that time typically produced between 5,000 and 10,000 graphic illustrations to accompany the release of a new film, many were destroyed during the paper drives of World War

Furthermore, says Mr. Resnick, few theater owners considered advertisements worth saving. "No film poster was ever given credence in its day. Even in the 1930s they were thought to be advertising materials, to be used and thrown away as soon as the next

movie came to town," he says.

These are some of the reasons why a rare 6-sheet poster for the 1942, Warner Bros, feature "Casablanea" fetched \$17,600 at a Guernsey's auction last year. It was the highest price ever paid at auction for a

movie poster.

Posters for "Gone With The Wind," "The Wizard of Oz" and "The Maltese Falcon" are also among the most sought after. Likewise, colorful boards bearing the images of such stars as Cary Grant, Errol Flynn, Bette Davis, and Greta Garbo are hot commodities.

While many posters recall films that were hits, sometimes a poster for a box-office bomb is worth more in its after-life. The 1936 RKO Radio Pictures release "Svivia Scarlett" was the worst disaster in the company's history and possibly the biggest flop in Katharine Hepburn's career. Yet, Mr. Resnick says the magnitude of the flop is one of the reasons why even one-sheet posters for this film are worth roughly

Vivid artwork that promoted horror films from the 1930s is a genre that is also popular, particularly those touting films released by Universal Horror Pictures. Originals from "Dracula," "Frankenstein," "The Munmy" and "The Invisible Man" can go for as much as \$10,000 apiece.

Before buying any movie poster, experts advise ollectors to inspect the condition of the paper, looking for signs of wear, water damage or excessive restoration. Old paper is best mounted on linen or some other material that helps control the acidity of the paper. A poster that has been dry mounted or glued to a backing could lose as much as 90 percent fetch a 10 percent to 30 percent premium of its value because the glue eventually will wear to the price of the underlying stock. For through and become visible.

#### **A Fund Sampler**

Fund	Total Return Dec. 31-Oct. 28	Total Net Assets
Liberty Convertibles & Income	23.56%	\$9.6 million
Dreyfus Convertible Securities	22.85%	254.0 million
Heritage Convertibles Fund IncGrowth	18.15%	7.6 million
Fidelity Equities Inc.*	22.66%	4.1 billion
Evergreen Total Return	16.84%	1.3 billion
*Invests in common stock and convertibles		Source: Morningsta

Convertibles: Just the Ticket for the Timid

the makers of Arm & Hammer Baking Soda, is convertible into 55.556 shares of common stock and yields 7.8 percent per year. The current price of the bond is \$835, a 22.7 percent premium to the current

market value of the common stock. As the price of the common stock rises. this conversion premium narrows. If the stock declines, the subsequent price drop for the convertible produces a higher yield like any other bond.

Investors shopping for convertibles generally make sure that the company's shares have good prospects. They also check to see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see what protection there is never to be a see that the see see what protection there is against a call for redemption. For older convertibles with higher coupons, there may be a temptation by the issuer to refinance at at lower interest rates. Similarly, if a company's stock has risen significantly above the level it was trading at the offering, it may try to force a conversion.

Thomas Revy, managing director of Froley, Revy Investment Co., a Los Angeles advisory firm specializing in convertibles, says investors should not buy bonds trading at more than 30 percent over par. Moreover, he says the conversion premium should never exceed two-thirds of the value of the underlying stock. In the first

instance the yield will probably be insignificant when compared with stock dividends. And in the second instance, he says the stock is unlikely to catch up with the

Although the fact that these securities are both stocks and bonds ideally provides an escape hatch if something goes wrong in either market, Gerald Perritt, editor of The Mutual Fund Letter, notes that rising interest rates will depress both equity prices and bond prices.

A more fundamental flaw is that con-

vertibles are subordinated debt, just a step above junk bonds. "If we hit a recessio investors may dump less secure convertibles," says Mr. Perritt. He adds that the recent spate of takeovers gives the low quality of the bonds even more pertinence. A company might sell out at a price

below the premium on the convertible and, if it loads up on fresh debt to do it, may ultimately not be able to pay convertible holders. "Just the worry that a heavily leveraged company will not be able to pay can devastate a bond's market price," says Mr. Perritt. He recommends only buying higher quality issues that have provisions

to prevent this from happening.

Despite such potential drawbacks, ana-

lysts agree that convertibles are a safer way to play a company than buying equity. And even outspoken critics, like Mr. Perritt, believe that now may be a particularly opportune time to buy convertibles. "The strong possibility of an up market and dropping interest rates could provide the kind of double kicker that allows these bonds to do even better than stocks," he says,

NE ISSUE that Mr. Perritt likes is from Graphics Industries, a printing company, whose earnings have increased over 50 percent in the past two years. The bond sells at a 16 percent premium to the underlying stock and yields 7 percent an-nually. Mr. Perritt believes further earnings growth could push the stock 30 percent higher and the bond 20 percent higher

An issue that both Mr. Perritt and Mr. Revy like is IBM. The convertibles are selling at a 27 percent premium to the underlying stock and are yielding 7.5 per-cent annually. According to Mr. Revy, the recent restructuring at IBM will halt several years of flat earnings. "The stock price could go up as much as 37 percent, pushing the convertibles up about 25 percent."

Because of the complexities of the market, experts suggest that individuals are better off investing in convertible bond funds. But Kurt Brouwer of Brouwer & Janachowski, a San Francisco investment firm, says that investors should avoid funds that invest exclusively in convert-

"They put the portfolio manager in a strait jacket, forcing them to buy the bonds at times when it is not at all advantageous." He suggests buying balanced funds or income and growth funds that can invest in convertibles as well as in stocks, bonds and money market instru-

# **Junk Bond Market Faces a Test**

Continued From Page 13

bonds even in difficult economic climates. Concerns about how an increase in defaults affects junk bond returns has spawned a virtual library of historical studies, yet has yielded little agreement among professionals. One problem is that the junk bond market is a fairly young phenomenon, and its structure has changed as it has grown."This market really didn't take off until 1984," notes Mr. Lonski. "What are you really comparing this to?"

There is more than one way to calculate default rates, but Mr. Lonski reckons that in 1982, the last year of deep recession, about 4 percent of issues of "straight" junk bonds — those not convertible into equity - ran aground. But in those days the total junk bond market was only about \$18.5 billion. Forecast of default rates in the next recession range from 5 percent to 10

Even those high rates would not necessarily spell grave problems for portfolios of high-yield securities, says Mr. Lonski. "If the fund is really well diversified, you could withstand a 5 to 10 percent default rate and still come out quite nicely," he says, assuming the recession was not much more severe than 1982's version.

The key word is diversification, says Phillip Maffei, a founder of McCarthy, Crisanti and Maffei who was recently crowned the "King of Junk Research" by Institutional Investor magazine. That is why individuals should stick to funds, he

"The reasons are obvious: diversification, the professional management, and the research," he says. "If you play just one bond and you're wrong, you lose a

Mr. Urbaszewski has spread his holdings among about 20 issues and says he puts issues through a "stress test" to judge how they would do in the event of a

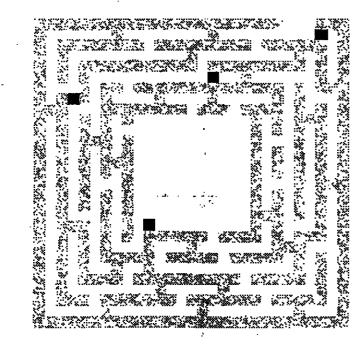
"Almost every bond we buy, we are buying even if we thought a recession would happen tomorrow," he says. "We wouldn't panic and sell it."

One example of the junk securities regarded favorably by fund managers is the recent issue by Kroger, the supermarket chain that decided to recapitalize after fending off a takeover bid.

"Kroger looks very strong," says Kevin Matthews, manager of the Van Kampen Merritt High Yield Fund.

"We like the management of Kroger, and we think they're going to be able to do the asset sales they need to do to improve the company and to get the cash flow they

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\*Source: Lipper Overseas Fund Table, 30.9.88. reinvested - source: Guinness Flight Fund Managers (Guernsey) Limited.

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#### STRATEGY:

# New Highs: Signal

By Bruce Hager

HORTLY after last month's observance of Black Monday's first anniversary, there was a sudden jump in the number of stocks making new highs. The phenomenon puzzled many investor some thought a powerful market rally was in the making.

In reality, two important forces collided at the anniversary. First, the market was moving up, having recently hit a post-crash peak. At the same time, Oct. 19 marked the beginning of a new chapter in the stock market. No longer would stocks have to face an almost impossible struggle to surpass their pre-crash values to make the new highs list. "Using the 52-week highs, you'd

say, 'Gee, more stocks are moving up, 'says Robert Farrell, chief market analyst at Merrill Lynch in New York. But it's more a func-tion of the drop off of the prices that existed before the crash now that the 52 weeks have gotten past their October date."

As a technical indicator, analysts and investors scan the new highs list to find out which muus-trial groups are leading the mar-ket, as well as which individual hs list to find out which indusstocks are attracting interest. Furthermore, the net difference between the number of daily new highs and new lows can tell a market forecaster something about market breadth, or whether the overall trend is up, down, or just wobbling sideways.

"If the market is making new stocks making new highs, but we don't have any stocks making new highs on the list, then we don't have any strength in the market," explains Gene Jay Seagle, director of technical presents for Georgeal & Co. in nical research for Gruntal & Co. in Stamford, Connecticut.

Why would one buy a stock on the new high list? Some techni-cians say the list reflects those companies with good earnings momentum and relative strength, two factors that could lead them even higher in the coming months. On a recent day, the list fea-tured a dozen food and beverage

stocks like Borden, General Mills, Peosi Co. and Ralston Purina. To Eugene Peroni, director of technical research with Janney

Montgomery Scott in Philadel phia, this meant that investors had targeted stocks associated with Kraft Inc. and RJR Nabisco, companies that had become the focus of takeovers, with the hopes that other food stocks would become targets as well.

Two stocks lost in the shuffle were Reynolds Metals, an alumi-num manufacturer, and Melville Corp., a shoe manufacturer and retailer. Shares in both companies initially had been locked in a trading range, but now were being

October Market Scoreboard

New York-Stock Exchange:

**American Stock Exchange:** 

Capital Holding Corp., Kraft Inc.

Pillsbury Co. RJR Nabisco Inc. Chicago Pacific Corp. Best Products Inc.

Fabri-Centers of Amer.

Ransburg Corp.
TRC Cos. Inc.
O'okiep Copper Co.
Fraderick's of Hollywood

Over the Counter:

Budget Rent A Car

First Federal Savings Banktec Inc.

Sound Warehouse Inc. C-Cor Electronics Inc.

Northern Engineering Scottish and Newcastle Mount Charlotte

Tootal

Pilkington

**London Stock Exchange:** 

Complied by Morgan Stanley Capital

**Tokyo Stock Exchange:** 

Compiled by Morgan Stanley Capital I

Nippon Yakin Kogyo Osaka Gas

Penta Ocean Constr.

Kansai Electric Power Shimizu Construction

Mitsui Mining Chubu Electric Power

isuzu Motor

Toho Gas Keihin Electric

Holly Farms Corp. Conseco inc.

Rymer Co.

Maxxam Inc.

Percent Change

+76 +58

+52 +50 +36 +30 +27

+24 +23

+54 +33 +28 +28 +26

+140 +45 +44 +39 +38

+39 +33 +27 +27 +24 +21 +20

26.88 52.25 13.50

10.88 11.50 10.38

27.25 18.13 11.50

283 275

1,090 3,750

1,340 675 1,790 700

Compiled by Media General Financial Services. Prices in dollars

nickly scooped up. Reynolds, a stock that Mr. Peroni recommends, first made a new high last June at \$53 a share. It then gradually moved up to \$58 last month, before falling back to \$53. Melville reached a new high last month at about \$74 a share and Mr. Peroni believes it could continue on to \$90 over the next 12 to 18 months.

"I'm not concerned about bow many stocks are making that list every day," Mr. Peroni says. "Stocks that are emerging towards making new highs are the ideal." To most investors, the idea of

buying a stock near or at its high for the year is just plain dumb. Conventional wisdom would indicate that such a stock is just as likely to fall the next day because those who hold it are going to take profits.

But Robert Nurock, publisher

of the Astate Investor, a Paoli, Pennsylvania, newsletter, disagrees. He says investors focus too much on the purchase price of stock when buying. When they see their stock's price [all, then briefly

Interpublic Group

Rollins Environmental

Mai Basic Four Inc.

Pinnacle West Capital

Harcourt Jovanovich

Green Tree Accept.

Lomas & Nettleton

Esterline Corp.

Raychem Corp.

Health Care REIT

Larizza Industries

**Galaxy Carpet Mills** 

Sigma Designs Inc.

Burr-Brown Corp.

Enterprise Oil

Abbey Life
Ultramar
McAlpine (Alfred)
Grand Metropolitan
Ward White Group

Sun Life Assurance Amstrad

Konica

Advantest

Mori Seiki

Hirose Electric

Nippon Television

Itoham Foods

Teikoku Sen-I

Beauticontrol Cosmetic

SPI Pharmaceuticals

rally, he argues that investors often end up selling the stock roughly at the same level they bought it. When there's a substantial amount of trading in stocks at a particular price, that level be-comes very significant," he ex-plains. In theory, Mr. Nurock con-tends, as a stock's price rises, the number of sellers decline so that there is more of a chance for vola-

tility on the upside. Indeed, studies have shown that some stocks selling near their highs are often ripe for further upward moves. This is particularly ket cycles, when the new highs list becomes a shooping list for investors seeking stocks with price momentum. But the data can apply to flat markets as well.

Price

10.13 11.25 13.88 14.00 10.13 17.50 11.50

11.25

36.13

10.25 13.50 11.00 10.25

12.63 12.75 11.25 14.13 10.25

854 4,050 3,350 3,630 1,130 1,100 1,880 18,600 4,580

-15 -10 -10 -10 -10 -7

-38 -23 -29 -19 -18 -18 -18

-71 -28 -25 -24 -23 -21

-18 -18

-23 -22 -18

Marc Reinganum, professor of finance at the University of Iowa, studied the greatest stock market winners from 1970 to 1983 to determine what they had in common. From this he formulated nine screens for picking future stock market winners, including buying shares selling within 15 percent of their highs within the past two years. "It looks like one way to summarize is to buy high, sell higher," he says.

Despite the 25 percent advance in the Dow Jones Industrial average since Oct. 19, 1987, many techians have found that the new highs list does not portend a nearterm rally. During a normal bull market, about 25 percent of the New York Stock Exchange shares will be peaking each week. That number has lately been around

#### **Total Return for 12 Months** Total return measures both the changes in the prices of securities and the moome they provide either in dividends or interest. Gains or losses were measured by comparing market indexes wit their levels a year earlier. The chart does not take into account taxes or inflation. **Stocks** 15% 10% 5% -5% -10% -15% -20% -25% Total return for 12 months ended Total return for 12 months ended

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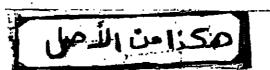
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# \* ABoldStroke Pays Off for French Fund

By Jacques Neher

RIC EDELFELT sees himself as a lowkey, conservative fund manager, content to be serving the long-term needs of the insurance company that employs him. All he seeks, he says, is "to do a little bit better than the market?" better than the market

So far this year, he has done considerably more than that; Mr. Edelfelt's two funds — both sponsored by the big French insurance company, Groupe des Assurances Nationales — have become the best-performing stock funds in France. France-GAN, a 150 million-franc fund made up of mostly French stocks, has generated a return of 53.1 percent since the start of the year.

Enro-GAN, with a mix of European stocks, is up The closest runner-up among SICAVs — So-cittés d'investissement à Capital Variable — climbed only 37 percent in the same period, according to the investment bank Paribas, which keeps a tally on all the French funds. The

neral index of French stocks, meanwhile, rose Luck is not all there is to Mr. Edelfelt's success. Timing, a long-term view and a sometimes per-

verse nature loom larger in explaining the strategy of this 42-year-old former mathematician. Indeed, a good part of the appreciation in both funds this year is due to his nonconformist outlook for the Second Marché, France's secondary market, last December. That month, when the Bourse was still in shock, Mr. Edelfelt made his move on several Second Marché stocks that others were auxious to unload.

"I like to go where nobody else goes," he explains. "People were flying out of the Second Marché as they were facing big end-of-the-year losses. They were all concerned about the lack of liquidity they had seen in some of these stocks earlier, but I couldn't care less about liquidity. I'm a long-term investor and these stocks could

be bought cheap. It was a good opportunity."

At the time of 1987's crash, only 5 percent of France-GAN's assets were in the Second Marché. By the end of 1987, Mr. Edelfelt had boosted the exposure to 25 percent. While the Second Marché has recovered at about the same rate as the main Bourse this year, one stock Mr. Edelfelt selected last December, Sedri, has provided a good measure of the gains recorded by his funds.

Sedri, a microelectronics company that makes point-of-sale teletext terminals and a three-dimensional camera system, first issued stock on the Second Marché last November, with shares offered at 115 francs. The stock hovered around that level until the end of January, then began to move up. By October, Sedni, adjusted for a split, was valued at over 1,300 francs a share, almost a

Mr. Edelfelt will not say how much Sedri stock he bought, though he acknowledges that he purchased shares of the company on behalf of two other GAN funds that focus on Japan and the United States, as well as for some pension funds



Eric Edelfelt, of Groupe des Assurances Nationales.

that are managed by GAN and the insurance company's own account

But even without the investment in Sedri, Mr.

Edelfelt argues, the France and Europe funds would still be in the top 10.

This year, Mr. Edelfelt has pulled back a bit from the Second Marché for France-GAN and is considering a new strategy, one that anticipates an economic slowdown in the United States.

"I'm not betting on industrial and manufacturing stocks, but rather on stocks that are more independent from economic growth," he says. Examples, according to Mr. Edelfelt, are FNAC, a records and books, cameras and electrical goods retailer, and Gel 2000, a specialty retail chain that deals only in frozen foods.

TILL, HE has not totally abandoned certain cyclical industrial stocks that he says are still undervalued in France. These include Saint Gobain, the maker. of glass and building materials, and Compagnie Générale d'Electricité, the electrical engineering and publishing group.

In evaluating blue-chip stocks, Mr. Edelfelt uses the usual fundamental yardsticks. However, in looking at performance, he prefers to take a 7year or 8-year historical view of a company.

Long-term performance is also important for picking smaller stocks, he says, except that the view is to the future instead of the past. "I'm looking for 30 percent annual growth over a 5year period," he says.

Mr. Edelfelt is redeploying assets. After focusing this year on France, Spain, Britain and the Netherlands, he is turning his attention to markets that have not experienced as high growth rates, such as West Germany, Switzerland and Italy. "I had 12 percent (of the assets) in Spain, but I reduced that to 4 percent in Angust, and now it's down to between 1 and 3 percent, as I'm buying more in Italy," he said. "It's a relative thing."

For the long-term, Mr. Edelfelt says he will be happy to attain a "good to average" performance for his funds. "I don't imagine I can match this record again, but I don't care," he says. "This year was abnormal."

> says Mr. Metz. chips," says Mr. Metz.
> The takeover frenzy has also

> burt. The traditional lure of small

company shares has been the big

profit associated with their high-

growth potential. "Investors

searching for fat payoffs figure they can get them with less risk by buying the big companies — the Krafts and RJR-Nabiscos — that

are the subject of takeover specu-

lation," says John Hoffmann, a

small stock analyst at Smith Bar-

investors are fearful that tax rates

will rise in 1989 and are holding

off selling poorly performing

stocks in hopes of more attractive

tax writeoffs. This, he says, "may

Moreover, Mr. Hoffmann says

ney in New York.

# Scandal Undercuts Japan's OTC

By David Russell

Tokyo FEW YEARS ago, Recruit Cosmos was counted among the most promising issues on Japan's rough-and-tumble over-the-counter market. But in recent months, its name has become synonymous with scandal after revelations that shares were sold to aides of influential politicians at bargain prices before the property company went public in

One of the side effects of the scandal has been a jolt to the OTC market's confidence. It hit just when a series of efforts by the Ministry of Finance seemed to be invigorating the OTC, where smaller companies first trade be-fore graduating to the main ex-changes' second and first sections. Earlier this year, medium-sized

companies in particular seemed to be responding at last to the streamlining of OTC registration. About 30 companies have joined the OTC since the first of the year, and the market appeared to be headed for a record-setting 50 new

The latest Finance Ministry regulations had made it "somewhat easier to register," notes Robert Jameson of Sanyo Securities, "and a lot of smaller businesses - especially high-tech and software firms
— are interested. We're seeing a number of spin-offs from bigger companies appearing on the

But negative publicity sur-rounding Recruit and other insider trading cases has made Japanese institutions shy about investing in OTC shares. Trading volume has often fallen below a million shares a day after peaking at 1.2 million in February. As many as nine of the OTC's 175 companies are in danger of being delisted because turnover in their stock may fall below the required 24,000 shares annually.

The scandal also prodded the regulators back into action. The Ministry of Finance is considering granting tougher regulatory pow-ers to the Japanese Securities Dealers Association, which oversees the OTC.

Authorities may also tighten rules governing the transfer of ownership of shares of companies heading for a listing. Shares sold within a certain period of years of the OTC listing may incur an extra tax, and the period before listing in which equity may not be transferred at all may be doubled to

But not all the OTC's problems can be laid to the Recruit affair.

Some students of the January

effect, one of the most intriguing

market anomalies, argue that in-

vestors tend to sell their worst-hit

stocks in December to record capi-

tal losses and reap tax benefits.

Then, as investors re-enter the

market in January, small capital-

ization stocks tend to advance at a

Mr. Metz is more hopeful that

some kind of January effect will

endure, but he has scaled back his

expectations. Small stocks may

advance by about 5 percent in Jan-

uary, he says. After that, Mr. Metz says investors should be prepared "for a very dead secondary mar-

faster pace.

HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A.

more recession resistant blue scotch the January effect altogeth-

The publicity adds to the problems of smaller stocks.

Smaller companies in general, in-cluding those on the second section, have underperformed the larger companies as Japanese economic growth has slowed a bit from the frenzied 8 to 9 percent annual pace of the early part of the

Dealers also blame the lack of electronic transaction system for some of the shiggishness. The Securities Dealers Association has tried to improve the situation by increasing the number of dealers and boosting investor confidence through tighter reporting proce-

But information on the companies is always in short supply, discouraging all but the most dedicated small-company players. "Most brokers aren't interested in the OTC," noted Ed Merner, the director of Schroder Investment Management in Tokyo, who has been following the small-company

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scene for nearly 20 years.

"There's not enough volume in the OTC market, so nobody wants to spend time researching it," he says. "Very few people in Tokyo know anything about more than a handful of OTC stocks." The Tokyo market's fascination

with "story stocks" is well-established, and the OTC takes the tendency to an extreme. "The big story, of course, is a possible list ing on the second section," said Mr. Jameson. Chiyoda Shoe Shops and MOS Food Services are two former OTC issues that went on to become popular second sec-

tion listings.

In a special category are issues that have been booted down from the first and second sections because they failed to meet the listing requirements. These "fallen angels" have attracted much investor interest over the years.

Stories abound of companies such as Sanyo Special Steel, which in 1965 became one of the biggest

ping to the OTC and undergoing restructuring, it relisted on the first section in 1980 and has become an important force in the

Sun Wave Industrial is another example of company that underwent bankruptcy restructuring and has attracted a following who believes that the kitchen equipment maker has a bright future. Tokyo brokerages say analysts from some large foreign investment firms have begun to visit the company, which recently developed a ceramic board for integrated circuits. Net profit is forecast to increase 16 percent in the year ending next March.

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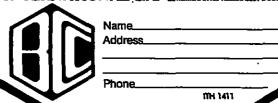
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# Cloud Hovers Over U.S. Small Stocks

to law Big Board issues. At the end

of October, the Nasdaq Industrial index had advanced 11.5 percent

since the start of the year, trailing

the S&P by roughly a percentage

will continue as far as the eye can

see," says Michael Metz, market

strategist at Oppenheimer & Co.,

The bottom line, according to

Mr. Metz and others is that reces-

sion fears are strong. Small com-panies are usually the first to be hurt by economic hard times since

they tend to operate in narrow

niche markets and do not have the

cash reserves of more established

companies. "That is driving investors away, towards the larger,

in New York

That sort of underperformance

By David Lanchner

New York FTER AMAZING analysts and investors earlier this year with an impressive advance that outdistanced blue-chip shares, the small stock rally in the United States has ground to a halt. And investment strategists see even worse times ahead.

In fact, the outlook is so thoroughly bleak that some analysts are predicting that the "January effect," the start of the year buying spree that traditionally benefits small company stocks, might not

In the first half of the year the Nasdaq Industrials index advanced 21 percent, showing the best performance after five years of lackluster returns and double gains recorded by the Standard & Poor's 500 index. But the rally, triggered by abnormally low valuations in the secondary market fol-lowing the October 1987 crash, began to falter last summer as fears of recession grew.

The usual value indicators, such as price/earnings multiples, indite that smaller stocks remain cheap relative to larger issues. Yet, over-the-counter shares continue

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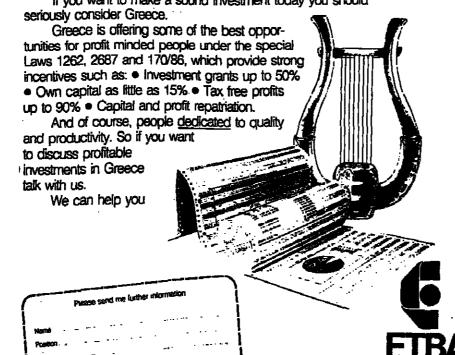
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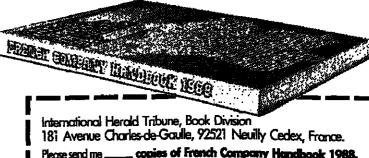
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# **MONDAY SPORTS**

#### SIDELINES

#### Top-Earner Alysheba Is Set to Retire LOUISVILLE, Kentucky (AP) — One week after becoming horse racing's all-time money winner, Alysheba will retire as a stud on a farm

near here, his owners have announced.

"Of course, we'll certainly miss him," trainer Jack Van Berg said in a statement Saturday. "But we're doing what we feel is best for the horse." The 1987 Kentucky Derby winner won the \$3 million Breeders' Cup Classic on Nov. 5, passing John Henry's \$6,597,947 in earnings with \$6,679,242. The horse's owners, Dorothy and Pamela Scharbaner, said Alysheba would retire at William S. Farish's Lane's End Farm.

#### Kansas Case Is Closed, NCAA Says

MISSION, Kansas (AP) - The NCAA has said that it will not reopen its investigation of Kansas's basketball program. Last week, the Jayhawks were put on probation for three years for recrniting violations, and were barred from defending their title as national champion.

Sports Illustrated magazine said last week that other violations may

have occurred regarding loans to players from Mike Marshall, a former

David Berst, head of NCAA enforcement, said Friday, "The recently completed infractions case involving Kansas will not be reopened on the basis of information currently available concerning reports of alleged improprieties published in the Nov. 14 issue of Sports Illustrated."

#### French Assail Soccer Player's Status

PARIS (Renters) - Yugoslav midfielder Safet Susic, who is to play against France in the World Cup even though he became a naturalized Frenchman last month, has become the center of a soccer storm.

The president of the French Football Federation, Jean Fournet-Fayard, criticized the authorities in a radio interview Saturday for giving Susic what he called a naturalization of convenience. Susic, 33, who joined the Paris Saint-Germain team in 1982, obtained dual nationality in October, enabling his club to sign another foreign player. Under league

rules, only two foreigners can play on the same team.

Last week, Susic was named to the Yugoslav squad that will play
France in Belgrade on Saturday. Under international rules, soccer players can represent only one country during their careers.

#### Kim and Sanabria Win Title Bouts

SEOUL (Combined Dispatches) — Kim Yong Gang of South Korea has easily won the first challenge to his World Boxing Council flyweight title, battering Emil Matsushima of Japan to a unanimous decision. The victory on Saturday boosted Kim's career record to 18-0, while Matsushima fell to 19-5-1.

On Friday in Gravelines, France, José Sanabria of Venezuela successfully defended his International Boxing Federation junior featherweight title with a technical knockout of Thierry Jacob of France in the sixth round. Sanabria is now 17-2-2, while Jacob fell to 18-3. (AP, UPI)

#### For the Record

Danny Manning, the former Kansas baskethall star, has signed a five-year, \$10.5 million contract with the Los Angeles Clippers of the National Basketball Association.

Despite suffering jet lag after 20 hours of flying, it was the Soviet National Team that made the University of North Carolina basketball team look tired on Saturday. Arvidas Sabonis scored 11 of his 23 points in the final seven minutes to lift the Soviets to a 104-93 exhibition basketball victory over the Tar Heels.

Mike Tyson, the heavyweight boxing champion, and his wife, the actress Robin Givens, have discussed dissolving their nine-month marriage with a quick Dominican Republic divorce, Tyson's lawyer said. (AP)

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Orel Hershiser of the Los Angeles Dodgers on receiving the National League Cy Young Award: "I worked hard with the talent I was given and everything just worked out perfectly - my career will go downhill from

# Prost Beats Senna In Last Turbo Race

Compiled by Our Staff From Dispatches ADELAIDE, Australia - Ending an era of turbocharged Formu-ta One racing, Alain Prost of France won the Australian Grand Prix on Sunday as his McLaren-Honda teammate, Ayrton Senna, who already has been crowned world champion, finished second.

It was Prost's second triumph on the Australian street circuit after his 1986 victory in Adelaide, and it boosted his already record career total to 35 victories.

Prost completed the 82-lap, 309.9 kilometer (193-mile) race the last of the 1988 season - in 1 hour, 53 minutes, 14.67 seconds, with Senna, a Brazilian, trailing by more than 36 seconds.

"I really wanted to win," Prost said afterward. "Ayrton was the only problem for me today." Senna already had clinched his first world championship by win-ning the Japanese Grand Prix on Oct. 30.

Prost also clocked the fastest lap

of the race, 1:21.216, an average

Nelson Piquet of Brazil, the de-parting World Champion, brought his Lotus-Honda into third place, with Riccardo Patrese of Italy finishing fourth in his Judd-powered

on the 59th lap.

speed of 167.553 kph (104.11 mph)

Williams. Only seven cars finished the race. It was Patrese's 176th grand prix, which equalled the record for most

grand prix races driven.

The one-two result topped off a stunningly successful year for the McLaren team, which won 15 of the year's 16 grand prix races. The team claimed the constructors' championship with a total of 199 points, with its nearest rival, Ferrari, notching 65. For Prost, the victory Sunday

was his seventh of the year, while Senna had eight victories. Only Gerhard Berger of Austria managed to grab a victory from the McLarens this season, when he drove his Ferrari to victory at the Italian Grand Prix at Monza. Both McLarens failed to finish that race. The Australian Grand Prix



Senna wrapped a congratulatory arm around Prost on Sunday.

marked the end of an era in Formu- the lead to Berger, in a Ferrari, and la One — it was the last appearance of turbocharged engines in the formula. Next season, all cars will be restricted to normally aspirated en-

Senna warmly congratulated Prost with a hug after the race.
It was run in hot, overcast conditions, and the race provided a surprise right at the start when Prost, who was beaten to pole position by Senna, swept past the Brazilian to take the lead

Prost led for the first 13 laps, lost

winning the 100-meter dash at the

rules that all people can go by."

formed him that the Soviets were

interested in the exchange because

NORTH AMERICA

then regained it when Berger was forced out after a collision with the Ligier of Rene Amoux of France. Lotus, the only other team be-

sides McLaren to have Honda turbo engines this season, ended the year on a high note with Piquet's third-place finish. Piquet's teammate, Satoru Nakajima of Japan, who has just been signed for next year by Lotus, was involved in an incident with three other cars that forced him out of the race. (UPI, AFP, AP)

# U.S. and Soviets Near a Steroids Accord

MINNEAPOLIS — The Olym-pic committees from the United States and the Soviet Union are nearing completion of an anti-doping exchange program in which athletes from both countries would be uniformly tested for steroids year-round and with little notice, according to the president of the U.S. Olympic Committee, Robert

Hemlick told the U.S. Olympic Committee's executive board on Saturday that he and three other USOC delegates, including Edwin Moses, the Olympic hurdler, would travel to the Soviet Union next week to discuss the proposal.

"We hope to actually have the major points or productions and year-round, short-notice testing," Hemlick said of the objectives for the trip.

He said he hoped to present a moroposal to the USOC delegration of the objective state of the USOC delegration or on short notice. Short-making would



only drugs tested for, he said.

Ourrently, U.S. athletes are test-

taking steroids during the off season but not taking them before U.S. athletes, said Hemlick, adding that this was not a problem for the events in which there will be testing, Hemlick said.

Moses said the USOC and the He said athletes would know Olympic committees of other nathat they could be tested at any tions hurried into action on a stantime, and they probably would be dardized, anti-drug program after Ben Johnson, the Canadian sprintgiven some notice, such as 48 er, tested positive for steroids after

We're not talking about people in white coats knocking on doors in the middle of the night," Hemlick

Seoul Olympics.
"I think they have to standardize the whole testing procedure," Moses said. "We have to come to one Challenge to Lewis Johnson says he would welcome general conclusion — one set of the chance to race his American rival, Carl Lewis, anywhere, any-time, Reuters reported from To-Hemlick said Marat Gramov, president of the national Olympic

committee in the Soviet Union, in- routo. Lewis's agent, Joe Donglas, said last week that he was approached recently by a member of the John-Soviet athletes want a guarantee recently by a member of the John-that American athletes will not use son camp about the possibility of a steroids if the Soviets stop using the lucrative match race. But he said the chance of a match race was

drug.
"I said, That's interesting, because that's exactly what our athletes ask us," Hemlick said. "Pil race Carl anywhere, anytime," Johnson said in an interview The biggest hurdle appears to be Friday. "I'd like to race him. But finding a system that will not vioit's going to be hard."

# Now a Final Score: Japan 0, Majors 0

By Fred Hiatt Washington Post Service

TOKYO - Ask Fred McGriff if they play serious ball in the Japanese big leagues. McGriff, player of the year for the Toronto Blue Jays this season, flied to center field and struck out three times against four different Japanese pitchers on Sunday in the final game of a seven-game matchup between major league all-stars from North America and Japan league all-stars. McGriff ended the series a humble 0-for-16,

with six strikeouts. And he wasn't alone in his futility Sunday, as the Japanese aces short down the major leaguers on five hits. Fortunately for the North Americans, the Japanese couldn't score either, and the game ended in a 0-0 tie, leaving the Americans with a 3-2 edge in the series, with two

Yes, ties. Japanese rules allow games to end even once a time limit is reached, and it had been decided not to play extra imings during this exhibition series. Sunday's game, in any case, had to be finished before the all-stars' trans-Pacific flight

But Sunday's matching shutouts gave Japan something of a moral victory in the weeklong goodwill series.

The U.S. squad this year maintained the undefeated record of visiting U.S. squads, but no Japanese team has ever come closer to winning. In 1986, the most recent previous tour, the Japanese finished with one win 5-4 win.

This time, they had the satisfaction of scoring against "Mr. Zero," Orel Hershiser, the Cy Young award-winner who re-turned home with an unfamiliar earned-run-average of 7.34. Hershiser, before leaving early to help care for an ill infant son at home, was the center of attention for the Japanese press, both because of his string of shutout innings for the Los Angeles Dodgers and because he dangled the possibility — al-ways helpful for contract negotiations — of coming to Japan to pitch for a season.

The Japanese had the satisfaction of winning the first game with a "sayonara hit," as a ninth-inning game-winner is known here. Kazuhiko Ishimine of the Hankyu Braves singled home the winning run against San Diego's relief ace, Mark Davis.

And Sunday, the home team had the satisfaction of seeing speedster Vince Coleman of the St. Louis Cardinals picked off at first base, as the impressive right-hander of the Yomiun Giants, Masumi Kuwata, whirled on the mound and hung Coleman out to dry.

The U.S. squad, led by the Detroit Tigers manager, Sparky Anderson, agreed that the Japa-nese pitchers were the stars of

the local squad.
"Their pitching has been real strong," Hershiser told reporters early in the week.

Indeed, the Americans managed only seven home runs in the seven games, two of them by outfielder Ellis Burks of the Boston Red Sox, and they struck out 42 times, including nine strikeouts in Sunday

菱

After losing the first game 2-1 and watching the Japanese come back with two runs in the ninth inning to tie the second game 6-6, the major leaguers shook off their jet lag and won the next three games, 16-8, 8-2

In game six, the Japanese rallied from a 3-0 deficit to score five runs in the sixth and seventh innings and hold on for a

The U.S. squad seemed to have a good time in Japan. But they also seemed, for the most part, to be playing to win. And at times they showed the best of American baseball - Dave Henderson nailing a runner at third with a perfect peg, on the fly, from right field; Paul Molitor laying a bunt down the third-base line and hustling to first for a base hit; Barry Larkin, the series MVP, batting

Still, when Ellis Burks struck out swinging to end the U.S. ninth on Sunday, it was the Japanese who had won.

#### 1-Ste of a Marm P.G.A. 19 Sun\_doed back 15 ---- time (neve 18 Shakespearear 20 Capital of Cuba 22 Building wind 23 Chewy candy 29 Acknowledge 30 Double-boge; on a par-five

# WEATHER

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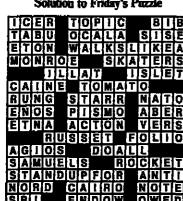
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Solution to Friday's Puzzle



v New York Times, edited by Eugene Maleska.

## Manich Minich Mice Nice Osia Peris Propse Revisoria Roste Slockhem Strasbourg Venice Vienna Warsow Zarich OCEANIA Autkland **PEANUTS** DO PRETTY GIRLS KNOW ONLY IF SOMEBODY THAT THEY'RE PRETTY? TELLS THEM.

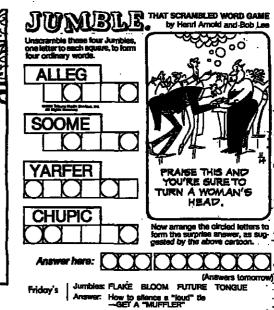












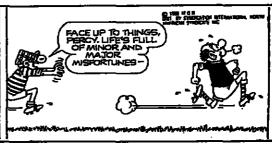


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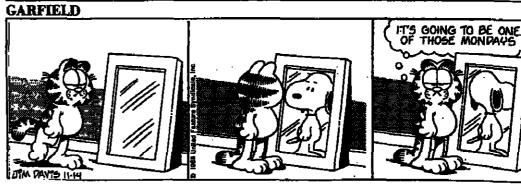


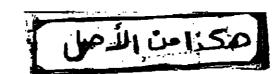


YOU FACE

HIM WHILE

Talking?





to discuss progress made he separate meetings with Some metable for the withdrawal metable for the winding all gold in return for the indepension Namibia, after 73 years of

Seturday against West-Virginia.

Playing an undefeated team maked No. 4, Rutgers held a 10-7

COLLEGE ROUNDUP

ternoon when Rutgers' leading of-

Tarver in the fourth quarter.

Tarver led his team to two touch-

shose 34-yard return carned a

louchdown, putting West Virginia

ahead, 7-0, after 64 seconds of play.

But Ron Allen returned the kickoff

92 yards for a Rutgers touchdown and the score was fied, 7-7.

regular season at home against Syr-

Notre Dame.

tween UCLA and USC.

against Miami

in the Cotton Bowl.

in the the Sugar Bowl.

many of Europe's tennis tourna-

ments have decided to side with the

professional tennis players and join

-Franco Bartoni of Italy, chair-

man of the newly formed Pro Ten-

nis Europe — an association of

European tournament directors -

said Saturday after a meeting here

nis Professionals Tour in 1990.

While invitations to the bowl games do not offi-

cially go out until Saturday, several universities

already know where they are heading.

Michigan will play in the Rose Bowl for the fourth time this decade, while West Virginia appears to be heading for the Fiesta Bowl against

Michigan clinched its berth by defeating Illinois on Saturday. The Wolverines will play the winner of

the Pacific-10 championship game Saturday be-

play the loser of this week's Nebraska-Oklahoma

game; the winner will go to the Orange Bowl

Arkansas will play either UCLA or Florida State

Beating Georgia, Auburn can still gain at least a

share of the Southeastern Conference title if it

Clemson goes to the Florida Citrus Bowl. It will

ugn Criticized than \$100 million in funda orts in Colombia and Boline General Accounting Office ups has increased dramatical

narply with State Department in its Bureau of Internations in its Bureau of Internations sess in Latin America. Durage of million in anti-narrous of million i fivia and about \$11 million

rams have had so little impactation of coca — from what and 1987. The report said the almost all of the increase

May Spread usands of oil refinery works ting low.

gher daily," said Joan Borge
rs' Union. "We expect that he forced to close and offshe

refinery and platform works ses of 154 percent to make ming at 28 percent month.

**UN Post Siege** gunman who was believed ol killed a civilian Leben uthern Lebanon before be tre of the man ended a 19 hr

(9-0) was idle on Saturday.

Elsewhere, No. 3 Miami was idle,
Army beat Vanderbilt 24-19, and ı and a woman, had overpe. zar Taibe, Lebanon, a spote n said. They were armed a Pennsylvania downed Harvard 52e spokesman, Timor Goke 13 to clinch a share of the Ivy : lost and had demanded to

ne intruders surrendered Se members of the Fatah face L The Moslem Voice of the security sources as saying de attack Israeli targets nearte 1 two miles (three kilometre

ftist Truce Cal 1 René Emilio Ponce, chief i xi a call by leftist rebels for an States assembly here us

1 operations." Colonel Rea ured rebel documents spokes a "war zone" when a five-da

o Marti National Liberate eginning at midnight Sunts Il for a negotiated solutions the past decade.

agan and Bush t Kohl of West Germany w and greet the future present States that begins Monday. Ost, said Mr. Kohl would:

king him the first forcinke ess Monday at a New Yes imon Wiesenthal, head die

in in Haiti A brother-in-law of his

his car on a busy succest e body was reportedly not wife is a sister of Lience Nazon. the presidential palace, wir viser to the Duvalier dictar.

ed by Chinese regional office

y said the death toll of 93%

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oking System red booking system for he e or car rental reservation

nd Martha's Vineyard has nd Martha's Vineyara you work Hole. Martha's Vineyara

closed or services current iencies this week house.

Burger Charles Care Co.

Berry 7-12 7-16 21, McGee 7-15 8-2 14, Re-Beands: New Jersey 50 (B.Williform 10), Chi-cago 53 (Grant, Cortwellan 16), Assists: New Jersey 15 (Bayley 6), Chicago 26 (Vincent 7), New York 37 27 22 25 18—121 Ewing 11-23-5-5-27, Newman 7-17 16-10 24; bounds: Boston 58 (Parish 13). Milwe

West Virginia and Southern Cal Stay Unbeaten Peete threw for a career-high 361 yards and three first-half touch-FAST RUTHERFORD, New lersey — Rutgers, a team that has endured more lows than highs this downs as No. 2 Southern Cal vented a decade of frustration against Arizona State. The Trojans (9-0, 7season, briefly reached a plateau on 0) head into next week's showdown with No. 6 UCLA for the Pacific-10 Conference title and Rose Bowl

lead for 56 seconds in the second quarter. But then the predictable Florida State 41, Virginia Tech 14: In Tellahassec, Florida, No. 5 happened and the Mountaineers of West Virginia rolled to a 35-25 vic-Florida State (9-1) broke open a thry, their 10th of the season withclose game with 20 points in the third quarter, as Chip Ferguson The Scarlet Knights, losing for and Peter Willis threw touchdown the sixth time in 10 games, gave the passes and Marion Butts scored on Mountaineers a workout on an afa one-yard run.

UCLA 27, Stanford 17: In Pasadena, California, defensive tackle Mike Lodish stole the ball from intuon when knegers maining of-fensive player, quarterback Scott Erney, was off ins game, Erney completed only six of 19 passes and had three intercepted before being replaced by Tom Stanford quarterback Brian Johnson and ran 17 yards for a touchdown in the third quarter to put the Bruins ahead for good. No. 6 UCLA (9-1, 6-1) set the stage for next Saturday's showdown game with Southern Cal. The winner will play Michigan in the Rose Bowl.

downs after West Virginia had gone ahead, 35-13.
Meanwhile, Major Harris, West Virginia's quarterback, tallied 71 Nebraska 7, Colorado 0: In Lincoln, Nebraska, Ken Clark rushed for 165 yards and scored the game's yards rushing and passed for 130 yards and one touchdown. only score in the third quarter to lead No. 7 Nebraska (10-1) past Erney's first pass was intercepted by safety Darrell Whitmore, No. 19 Colorado.

Okishoma 16, Missouri 7: In Co-lumbia, Missouri, Charles Thompson directed three first-half scoring drives and No. 8 Oklahoma held on for its 30th straight Big Eight vic-tory. Oklahoma (9-1, 6-0) took a 16-0 lead early in the second quarter as Missouri had four turnovers and had a punt blocked.

The Mountaineers (10-0), hoping for a showdown in the Fiesta Bowl with No. I Notre Dame, finish their Aubum 20, Georgia 10: In Aubum, Alabama, Reggie Slack threw two touchdown passes as No. 9 acuse next Saturday. Notre Dame Anburn knocked No. 17 Georgia out of the Southeastern Conference race and kept its title hopes alive. The Tigers (9-1, 5-1) can gain a share of the SEC championship with No. 12 Louisiana State by Southern Cal 50, Arizona State beating Alabama in Birmingham 9: In Tempe, Arizona, Rodney on Nov. 25.

Mississippi State.



Michigan's Leroy Hoard had to carry the ball and Chris Green of Illinois on the way to 137 yards total rushing and two touchdowns.

yards as No. 12 Louisiana State

clinched a share of the Southeast-

ern Conference title. LSU (7-2, 6-1)

is battling with No. 9 Auburn for a

Michigan 38, Illinois 9: In Ann

Arbor, Michigan, the No. 13 Wol-

verines clinched their fourth Rose

Bowl berth in the 1980s as Leroy Hoard rushed for 137 yards and

two touchdowns. Michigan (7-2-1,

6-0-1), which concludes the regular

season next week at Ohio State,

In Stillwater, Oklahoma, Barry

Sanders rushed for 312 yards and

five touchdowns to set NCAA sin-

gle-season records for TDs and

Oklahoma State 63, Kansas 24:

clinched the Big Ten title.

berth in the Sugar Bowl.

Houston 34, Wyoming 10: In Houston, quarterbacks for No. 10 Wyoming were sacked 16 times. including six by tackle Glenn Montgomery, as the Cougars brought the nation's No. 1 offense to a halt. Reggie Burnette added three sacks, intercepted a pass and recovered a fumble as the Cougars (7-2) handed the Western Athletic Conference champion Cowboys

(10-1) their first loss. Arkansas 25, Texas A&M 20: In Fayetteville, Arkansas. Kendall Trainor kicked five field goals and

LSU clinched a share of the SEC title by beating

If the two tie for the SEC title, the Sugar Bowl

committee will choose the league's representative for the Sugar Bowl, in New Orleans. Southern Cal

Georgia will probably go to the Gator Bowl and play either Michigan State, Pittsburgh, or Colora-

Elsewhere, Syracuse appeared to be bound for

Iowa appears a good bet to play in the Peach

South Carolina is probably assured of a spot in

the Liberty Bowl against Indiana.

After defeating Vanderbilt, Army appears to be

Florida should get a berth in the All American

headed for the Sun Bowl against Alabama.

Bowl against either Michigan State or Illinois. Oklahoma State, after downing Kansas, v

probably play Wyoming in the Holiday Bowl.

"The present Grand Prix tourna- tournament at the end of the

the Hall of Fame Bowl against either LSU or

or Florida State will be the opponent.

the defense added two scores as the No. 11 Razorbacks (10-0, 7-0) edged past the Aggies. Trainor's fifth field goal, an 18-yarder with In the Bowls, Color Michigan Rose

4:30 left, made it 25-14. Robert times, also became only the third player in NCAA history to top Wilson of the Aggies scored from the three with 53 seconds left. 2,000 vards in a season. Sanders has averaged 222 vards a game, and LSU 20, Mississippi St. 3: In Starkville, Mississippi, Greg Jackhas 31 touchdowns and 188 points. son returned an interception 100 No. 14 Oklahoma State is now 7-2.

Syracuse 45, Boston College 20: Chestnut Hill, Massachusetts. Todd Philcox bounced back from a shaky start to throw three touchdown passes and lead Syracuse. bowl-bound for the third time in four years, to its seventh straight victory. No. 15 Syracuse (8-1) netted just 61 yards in the first period and fell behind 10-0, but the Orangemen regained their touch in the second quarter.

Clemson 49, Maryland 25: In College Park, Maryland, Terry Allen and Gary Cooper scored two touchdowns each as No. 16 Clemson (8-2, 5-1) clinched its third consecutive Atlantic Coast Conference championship and earned a benth points. Sanders, who carried 37 in the Citrus Bowl.

Alabama 17, Southwestern Louisiana 0: In Birmingham, Alabama, Kermit Kendrick intercepted two passes and No. 18 Alabama (7-2) marked its second shutout of the

season. Washington State 36, Oregon State 27: In Pullman, Washington, Steve Broussard and Rich Swinton each rushed for more than 100 yards as Washington State kept its bowl hopes alive. No. 20 Washington State (7-3, 4-3) will likely face Houston in the Aloha Bowl.

Pittsburgh 14, Penn State 7: In State College, Pennsylvania, freshman Curvin Richards ran for 159 yards and a touchdown and became the sixth runner in Pittsburgh history to gain more than 1,000 yards in a season as the Panthers beat their arch-rival. It was the fourth straight victory for Pinsburgh (6-3), and kept alive its hopes to play in the Sun Bowl.



#### Gentlemen! Gentlemen! Please!

The Detroit Pistons and Boston Celtics feuded Friday night in Boston in a brawl-interrupted game, but the Pistons won, 116-107. The two monster centers, Bill Laimbeer of Detroit, 6 feet, 10 inches, right, and Robert Parish of the Celtics, 7 feet, were ejected when they threw wild punches after Parish was hit on the head during rebounding action. "It was just a shoving match," Laimbeer said.

# Bears Hold Down Redskins, 34-14

**MONDAY SPORTS** 

WASHINGTON - Touchdown runs by Mike Tomczak and Matt Suhey helped Chicago take a 20-0 half time lead as the Bears gave coach Mike Ditka a welcome-back gift with a 34-14 National Football League victory Sunday over the Washington Redskins.

The Bears limited the defending Super Bowl champions to 49 yards in the first half and forced starting

NFL ROUNDUP

quarterback Doug Williams out of the game early in the third quarter. Williams completed only six of 19 passes for 69 yards. His replacement, Mark Rypien, threw touch-down passes to Ricky Sanders and Gary Clark, but had four intercep-

While Bears defensive coordinator Vince Tobin handled most of the coaching duties. Ditka was on the sideline for the first time since a heart attack Nov. 2.

The Bears scored on their first possession, with Tomezak accounting for all 76 yards in the six-play drive. He threw two passes to Dennis Gentry for 63 yards and ended the march with a quarterback

Chicago made it 14-0 in the second quarter when Suhey capped an 80-yard drive with a three-yard

Kevin Butler added two field goals later in the quarter to give the Bears a 20-0 cushion.

Rypien got the Redskins to with-in 20-7 by throwing for 87 yards in his first series. The highlight of the drive was a 40-yard completion to Art Monk, who made a diving catch behind Chicago cornerback Mike Richardson.

Three plays later, Rypien flipped a four-yard pass to Sanders in the left corner of the end zone. early in the fourth quarter.

Patriots, 14, Jets 13: In East Rutherford, New Jersey, New England's big-play defense forced three turnovers and John Stephens scored the winning touchdown with 6:48 remaining as New England defeated the New York Jets.

Trailing 3-0, the Patriots turned the game around on the first play of the second half. Larry McGrew picked off Ken O'Brien's pass and, on the next play. Doug Flutie hit Stanley Morgan for a 19-yard

Stephens' scoring sweep came from the three at the end of a 58yard, 10-play drive.

Bucs 23, Bears 20: In Pontiac, Michigan, Tampa Bay crawled out of the NFC Central basement when Donald Igwebuike kicked a 52-

The teams were tied going into the fourth quarter, and a 38-yard field goal by Eddie Murray put Detroit ahead 13-10. Lars Tate scored on a five-yard run and Igwebuike kicked a 22-yarder to put the Bucs ahead 20-13 with 2:10 remaining.

With Rusty Hilger completing four of five passes for 46 yards, the Lions went 70 yards in seven plays, tying the game on a 19-yard touchdown pass from Hilger to Garry James with 45 seconds left.

Chargers 10, Falcons 7: In Atlanta, Rod Bernstine raced 57 yards with a short pass to set up Barry Redden's five-yard touchdown run as San Diego snapped a six-game losing streak by beating Atlanta.

Mark Vlasic at the San Diego 35. broke two tackles near midfield and raced to the Atlanta 14 before Robert Moore made the tackle.

Tim Spencer then ran for five vards and Gary Anderson for four before Redden scored with 4:32 left in the game.

Colts 20, Packers 13: In Green Bay, Wisconsin, Chris Chandler passed for two touchdowns and Indianapolís stopped a last-second drive at the two to beat Green Bay. The Colts' Harvey Armstrong

batted down a Don Majkowski pass on the final play as the Packers drove from the Indianapolis 49yard line after recovering an onside kick with 37 seconds left. Eagles 27, Steelers 26: In Pittsburgh, Luis Zendejas kicked an 18-yard field goal with 1:15 left as

Philadelphia, helped by two Pittsburgh penalties that led to Randall Cunningham scoring runs, rallied from behind four times to beat the Cunningham ran for touch-

downs of 12 and 7 yards and set up Zendejas game-winning field goal with a 41-yard completion to Cris

Chiefs 31, Bengals 28: In Kansas City, Missouri, Albert Lewis began a Kansas City comeback by blocking a punt, then recovered a fumble to set the stage for Nick Lowery's fifth field goal, a 39-yarder with two seconds left that boosted Kansas over Cincinnati.

#### 80th Match: Navratilova But the Bears wrapped things up Defeats Evert

The Associated Press

CHICAGO - Martina Navratilova, serving effectively and comandeering the net, needed less than an hour to score a 6-2, 6-2 victory Sunday over Chris Evert and claim top honors at the \$250,000 Virigina Slims of Chicago tennis tournament for the ninth

The final marked the 80th meeting between the friendly rivals and the 43rd victory in the series for the left-handed Navratilova, top-seeded here to Evert's No. 2.

Navratilova, who took the \$50,000 first prize, notched only three aces to go along with a handful of service winners in the match. But varying the speed and spin on her serve and working the corners, yard field goal with 10 seconds reto the haseline, then mixed crisp volleys with an array of drop shots to gain her ninth singles title and fifth Virgina Shims championship this year.

Evert managed just four points against Navratilova's serve in the opening set and failed to gain a break point.

Navratilova, meanwhile, registered the first break of the match in the sixth game of the opening set to go up 4-2, then repeated the feat in the eighth game, running off four

straight points for the 6-2 win.
Indeed, the closest Evert came to mounting a threat was in the first game of the second set. She came to net three times in the game, taking

the ad point after Navratilova's defensive lob was long.

#### **SCOREBOARD**

BASKETBALL

NBA Standings

PDATE EASTERN CONFERENCE Attentic Division W L Pci. GB 2 .600 ½ 2 .600 ½ 2 .600 ½ 4 .200 ½ 4 .200 ½ Central Division 5 0 1.000 — 4 0 1.000 % and from Milan. Tunn (# o 7 P.M. Monday during all Italian airports ment

li be canceled because di WESTERN CONFERENCE a Miami-based rave as Hoteleopy Inc. said this hotel guests to make rest.
in Miami through a light n's credit a satellite profit
e appropriate tickets sate FRIDAŸS RESULTS 25 30 27 19—185 27 23 24—107 Howkins 7-13 7-8 23, Cheeks 6-12 7-10 19; Cory 10-14-222. Theus 8-164-621. Rebounds: Atlan-te 44 (Wilkins 13), Philiadelphie 60 (Cminski 14), Assista: Atlante 29 (Theus 9), Philiadel-

Frito 27 (Cheeks 14). ton 21 (Walker \$). 25 25 31 35—116 | Durniery 8-15 15-16 31, Dumars 10-14 6-5 24; Socramento 35 (Thompson 14), Delios 73 | Michole 11-14 8-11 30, Bira 8-18 8-7 24, Re-Donaldson 14), Assists: Socramento 15 (Bord 10), Assists: Delroit 28 (Thompson 47), Utab 29 77 21 28-105 | Beston 31 (D. Jahnson, Show 7). | Som Anhesia 25 24 23 28-96 | New Jersey | Socramento 15 | Socramento 15 | Socramento 15 | Socramento 15 | Socramento 16 | Socramento 17 | Socramento 18 | Socramento 19 | Soc

Tisdale 13-23 13-17 39, Person 7-17 7-8 22. Rebeasds: New York 58 (Oaklev 131, Indiana 54 (Person 121, Assists; —New York 21 (Jockson 8), Indiana 25 (Skiles 7).

San Antonio 28 27 22 24—182 i), Indiana 25 (Skiles 7). can Antonio 28 27 21 24—102 Dalins 28 30 34 21—115 Harper 8-13 8-8 25, Perkins 5-11 8-10 18: Cook

**Tennis Pros Convince Europeans** 

1990 schedule" he said. "The fu-

ture of the Grand Slam events in

Wimbledon and Paris will no

Bartoni said that the 34-member

meeting named him to represent

European interests in future talks

with the recognized tennis bodies.

"Our first meeting with ATP will

ZURICH — The directors of ments in Europe will remain on the month," he said.

the breakaway Association of Ten-doubt be the subject of further dis-

that the decision was unanimous. be in New York before the Masters

cussion."

9-13 1-1 19, W.Anderson 8-16 0-0 16. Rebounds: Son Antonio 61 (Greenwood, G.Anderson, Rebertson 10), Dallas 40 (Perkins 10), Assists: 35 22 27 21-103 Golden State 39 22 29 21—100
Piscenix 44 26 26 25—141
Chombers 9-16 4-5 22, E\_Johnson 7-10 5-5 22;
Mullin 6-10 6-6 18, Richmond 6-14 5-5 17. Rehounds: Golden State 54 (Someson 7), Procnix 51 (Molerie 9), Assists: Golden State 23
(Mullin 7), Procnix 35 (K\_Johnson 13).
Seattle 24 23 13 24—183
L.A. Lekters 30 24 35 22—114
Scott 9-16 9-929, Worthy 11-18-527; McDonlet 8-18 4-6 20, Copp 7-14 2-2 16. Rebeands:
Scottle dd (Copp 17), Los Augulets 57 (E\_Johnone) a Carlott's Southe 29 (Losso), Lins Ange-

son?). Assists: Seattle 22 (Lucos 6), Los Angeles 13 (Euronson 76). SATURDAY'S RESULTS

Affords 39 30 23 46—132 Theus 9-15 8-8 27, Malone 8-12 5-6 21; Tri-pucks 7-14 3-4 18, Holton 7-103-3 17, Reboonds: 1V2. Chartette-M (Tripucka, Rowsom 7). Allande 51 2 (Malone 10). Assists: Chartette 30 (Bagues 7). Atlanta 35 (Wabb 8). New Jersey 24 24 25 24—77 McGes 5-12 0-0 18, Hinson 6-125-8 17; Jordan 17-31 8-12 42; Cortwright 5-12 4-6 14. Rebo

sey 19 (Conner 4) 20 18 30 28— 96 42 24 31 24—121 Dougherty 8-13 6-6 22, Nance 9-14 3-3 21; 11 31 23 26—121 Dougherty 8-13 6-6 22, Name: Fig. 23 29 28—100 Frederick 8-13 5-4 19, Tisodie 7-16 2-2 16. Relatives 5-8 9-9 19; bounds: Indiana 52 (H.William, Gray 7), mission 6-10 1-2 13. Cleveland 59 (Harrier 9), Assists: Indiana 19 journal 131, Malami (Skiles 7), Cleveland 33 (Price 12), washington 25 24 24 28—101 34 28 19 30-111

Ewing 5-13 11-12 21, Jockson 9-10 0-0 21; 21 28 21 25—116 Ağuirre 8-16 6-5 22, Tyler 7-11 2-3 16; Pinck-22 28 22 26—187 nev 5-14 5-5 15, McCroy 5-10 4-8 14, Rebounds:

0 (B.williform 10), Chi-right 16), Assists: New Chicogo 26 (Vincent 7), Miliwaukee 25 27 25 29—100 27 27 22 25 10—121 Cummings 11-25 5-9 27, Krystowick 6-11 3-5 29 24 22 21 9—120 15; Perish 9-17 5-6 22, McHelle 7-16 1-2 15; Re-25 21 25 29-100

(Cummings 13), Assists: Boston 18 (Show 4), Milwoukee 24 (Monortef 7).

An ATP official, Ray Moore,

who was in Zurich for the meeting,

said that he had outlined the asso-

these were well received.

ciation's plans for 1990 and that

"Our schedule for 1990 envisages

19 tournaments at the top level." he

said. "While there is room for com-

promise on other things, we will

Denver 27 32 36 36—141 English 13-21 2-3 28, Lever 14-22 6-8 34; Ellis 11-19 7-8 29, McKey 6-11 3-3 15, Rebounds; Southle & (Cage 111, Denver 44 (Schoves 13), Assists; Seattle 22 (Lucus 6), Denver 38 (Le-Portland 29 14 26 31---100

Golden Siafe 22 34 21 38—167 Multin 14-25 14-14 42, Garland 5-13 6-8 ls.; Duckworth 6-18 8-13 20, Drexter 8-22 4-7 20. Rebounds: Portland 65 (Duckworth 9), Goldens State 61 (Bol 10). Assists: Portland 17 (Drexter, Porter 5), Golden State 21 (Garland 7). Phoenix 24 29 34 37 12—127
LA. Clippers 32 22 31 38 23—138
Smith 10-19 10-12:30, Datley 12-174-528; Johnson 18-32 8-10 45, Chambers 12-34 5-32 Rabounds: Phoenix 47 (Chambers 12), Los Angeles 67 (Benjamin 19), Assists: Phoenix 17

AUTO RACING

(A) Adeloide, Australia) rost (France) McLaren one ha linules 14.476 seconds (overage speed 164.225 2. Ayrton Senno (Brazil) McLaren 36.787 sec ands behind 3. Nelson Plauet (Brazil) Latus 47.546 Riccardo Potrese (Indry) Williams one minute 20.068 seconds behind
 Thierry Bourse (Belgium) Benefion one lay behind
 Ivan Cacelli (Italy) Morch one Chicago 47 (Jordan 7), New Jersey 53 (Carroll 19), Assists: Chicago 17 (Jordan 6), New Jer-

7. Plertuigi Martini (Italy) Minordi two lops FINAL 1988 DRIVER STANDINGS 1. Ayrton Senno, Brozil, 70 points 2. Aloin Prost, France, 67

3. Gerhard Berger, Augirla. 47 4. Thierry Boutsen, Belgium, 37 5. Michele Alboreto, Holy, 24 6. Nelson Plquet, Brozil, 20

TENNIS MEN'S TOURNAMENTS conte (France) 6-47-5; Janus Svensson (Swe-

Miloslav Mecir, Czechoślovakia, def. John McEnroe, U.S., N.Y., \$-7,7-6 (7-1).6-3; Andres Gomez, Ecuador, def. Carl-Uwe Steeb, West

(el Stuttgart, West Germany) Semifinals

Hiasek def. Svensson (Sweden) 6-7 (4-7) 3-6 WOMEN'S TOURNAMENTS (4), Bulgaria, 6-4, 2-6, 6-2; Martina Navrail-lova (U.S.) def. Helena Sukava (Czechoslava-

(1). Shots on goal; Montreal (on Weeks) 5-10-10—25; Vancouver (on Hayward) 11-7-11—29, Privision

L. T. Pris. GF GA

5 2 20 69 52

8 0 18 80 80

7 3 17 60 65

10 0 16 71 70

8 2 14 46 59

9 2 12 56 61

Division SATURDAY'S RESULTS

National Hockey League Standings

WALES CONFERENCE .

FRIDAY'S RESULTS

Picaley (3), Brown (1), Ecolos (3), Thomas

2(10), Manson (3): Duncan 2(3), Gilhen (1), Howerchuk (9), Ashtor (4), Shots on coal; Chicago (on Reddick) 5-12-12-3-32, Winnipeg (on Belfour) 19-12-13-0-44.

Sestion
N.Y. Respers
2 2 8 6-4
Surridge (5), B.Sweener (4), Galley (3),
Brickley (7); Leetch (6), Sandstrom (4), Dehlen (9), Granata (9), Shaft an seel: Boston (en
Vanblestrouck) 13-8-7-3-30; New York (on

New Jersey 7 1 1 9-3
Jonsson (4), LaFontaine (9), Makela (4);
Jahnson (7), Driver (1), Sundstrem (4), Shets
on good: N.Y. Islanders (on Sauve) 10-6-5-1—
22; New Jersey (on Hrudey) 19-16-9-1—45,
Mantreal 1 1 1—3

Lemioux 2(18). Glichrist (1); Nordmork

Mone) 16-12-7-2-37,

HOCKEY

Hanion) 11-11-31.

Buffolo 9 2 1-3

N.Y. Islanders 0 0 0-9

Parker (3), Creightan (5), Housely (6).

Shats on spail: Buffalo (an Hrudey) 12-10-6
28: New York (an Puppa) 9-9-17-34.

Calgary 1 1 0-2

Boston 1 0 0-1

Sufer (5), Hrdina (11); Alther (1), Shals on CAMPBELL CONFERENCE Norris Division W L T Pts GF GA 7 5 4 18 61 59 9001: Calgary (on Lemelin) 6-9-11—26; Bos-ion (on Vernon) 14-9-14—37. New Jersey 0 4 2—6 Wathinsten Washington 9 2 1—3
Verback (5), MacLean (7), Korn 2(4), PaSundstrom 2(6); Courtnall (8), Gould (3),
Gustarison (4), Shots on sood: New Jersey (an Wast Virsinia IS, Rutsers 25 the Division

11 4 3 25 79

11 6 0 22 97

10 5 2 22 73

7 8 3 17 55

5 6 3 13 57 Sundstrom 2(d); Courtnall (8), Gould (3), Gustafsson (4), Shots on soul: New Jersey (an Malarchuk): 3-11-6-29; Washington (an Burke): 16-12-13-41,

Toronto 3 2 1—6
Toronto 0 0 2—2
Tikkenen 3(12), Kurri (10), Adams (3),
Simpson (9): Laughlin (3), Reid (5), Shets en geal: Edmanton (on Bester) 14-16-10—34; To ronto (on Fuhr) 5-8-14—27.

Krusheinyski (8), Robitaille (13), Tonelli Los Anseles (on Guenette) 11-13-12-36.

Marriard 8 2 1—3 Florida St. 41, Virginia Tech 1
Mignesoto 8 1 8—1 Furmon 3), E. Ternessee St. 13
Tippen (6), Samuelsson (4), Young (6): Mo-CLellon (3). Shots on seal: Horriord (on James Modison 25. Richt Takko) 13-11-13-37; Alinnesota (on Luir) 9-10. LSU 20. Mississippi 51. 3

Lollovette 38. Doudson 13 0 2 1—3 Louisville 35. W. Kentucky 17 1 1 2—4 Memphis St. 26. Tulsa 20 Brown (4), Poddubny (11), P.Stostny (8);
Hull (9), G.Cavallini (7), Hrikac (6) G.Cavallini (7), Hrikac (6) G.Cavallini (7), Hrikac (6) G.Cavallini (7), Hrikac (6) G.Cavallini (7), Nory 8
Iini (6), Shots an ooat: Quebec (an Riendeau)
Sey-21; St. Leuis (an Moson) 11-128—31, Virginio 27, Norm Caralling 24
White Exercis 72 General 72 (8) 8 0 2—2 Wake Farest 28. Georgic Tech 24 3 1 3—7 William & Mary 28. Colgote 3

(4). Duchesne (6), Nicholls (17), Tonetil (5), Nicholls (18); Lemieux (19), Errey (5), Shots (48); Lemieux (48); Le

FOOTBALL Selected College Results

Basion U. 20. Connecticut 15 Bosion U. 20. Connecticut 15
Brock-part St. 48. Oberlin 15
Catholic U. 42, St. John's, NY 20
Calby 24, Bowdoin 0
Cornell 42, Columbia 19
Dartmouth 37, Brown 24
Fordham St. C.W. Post 23
Fronklin & Marshall 21, Gettysbutoistra 48, Kines Point 14 Holstra 44, Kines Point 14 Holy Cross 38, Buckness 7 Johns Hookins 14, W. Maryland ? Maine 44, Towson 51 7 Massachusetts 17, Villanava 6 New Hampshire 17, Rhode Island 9 Northeostern 33, Lehigh 26 Penn 52, Harvard 13 Pitisburgh 14, Penn St. 7

3 2 1-6 Alabama 17, SW Louisiana 0

lowo 24, Ohio St. 24, the lowa St. 16. Kansas St. 7 Kent St. 17, Migmi, Ohio 11 Michigan 38, Illinois 9 Michigan St. 38, Indiana 12 N. Daketa St. 34. North Daketa ?7 N. Illingis 15, W. Michigan ?

Ohio U. 27. Ball 5t. 25 Okloheme 14. Missouri 7

S. Dakaie St. 42. Monkete St. 10
SW fAlssouri St. 21. Hitness St. 10
Temple 37. Airon 17
Toledo 20. Cent. Michigan 13
Washington & Lee 17. Washington Witscomen 14. Microsom 7

SOUTHWEST Arkansas 25, Texas A&M 20 Arkansas Tech 9, S. Arkansas 7 Baylor 20. Rice 10 Housian 34. Wyomine 10 North Texas 30, SW Texas St. 10 Texas Tech 59, Lamar 28 Texas-El Paso 58, San Diega St. 7 FAR WEST

Arizona 41, Oregon 27 Baise 51, 12, E. Illinais 7 Brigham Young 49, Air Force 31 Cal-Davis 36, Chico St. 13 Humboldt St. 14, Havward St. 13 idaho 41. Idaho St. 7 Long Beach St. 21, New Mexico St. 16 nevago-Rena 70. E. Washington 12 New Mexico 24, Colorado SI. 23 Northridge St. 35, S. Ulah 33 Pertiana St. 21, Montana B Socramento St. AJ. Cal Lutheron 0 Santa Clora 16, Cal Poty-SLO 13 Southern Cal 50, Arizona 51, 0 UCLA 27, Stanford 17 Washington 25. California 27 Washington St. 36, Oregon 51, 27

**SOCCER** 

Nest Hom 3. Nottinghom Forest 3

ENGLISH FIRST DIVISION flon 1, Everion 2 mirry I, Luton 0 Newcastle 0, Arsenal 1 Norwich 1, Sheffield Wednesday 1 Southampton 2 Asten Villa 1 Spurs 3. Wimbledon 2

West Hom 3, Nothinghom Forest 3
Polats: Norwich 27: Ansend 22; Southampton 21: Attliwell 20: Liverpool 19: Coventry,
Middlesbrough 18: Derby County, Nothingnom Forest 16: Everton, Manchester United,
Aston Villa, Sheffield Wednesday 15: Queens
Pork Rangers 14: Charlton 11: Luton 10; West
Ham 9: Tottenhom Hotspur, Wimbledon,
NewCostle 8.

GERMANY FIRST DIVISION GERMANY FIRST DIVISION

Bayern Munich 2. FC Cologne 8 1. FC Kaiserslautern & VfB Stuttgart 1 Hanover 96 0, Bayer Uerdingen 5 Bayer Leverkusett 1, Karlsruher SC 8 Stutigarier Kickers 2, FC St. Pauli 2 Bar. Moenchensladbach 2, Eintracht Fran

Werder Bremen 2, Vtl. Bochum 0 Homburger SV 5, SV Waldhof Mannheim Points: Bayern Munich 20: ViB Stutton Hamburg SV, Borusska Moenchenglodbach 17: Bover Leverkusen, Korlsruhe 16; Werder Premar, Uerdingen, St. Paull 15; Cologne,
VIL Bochum 14; FC Kalserslautern 13; Borussia Oorimung 12; Waldhof Mannhelm,
Stuttgart Kickers, Nuremberg 8; Hanover 7;
Eintracht Frankfurt 8

FRENCH FIRST DIVISION

Auxerre 1, Marseille ( Coen 3, Bordeoux 0 Connes 1, Nantes 2 Lille 3, Matro Rocing 0 Monoco I. Metz 1 Monspellier 2 Saint-Etlenne 0 Paris Saint-Germain 3, Lens 2

Sochaux 1, Nice 0 Toulouse 4, Strasbourg () Points: Paris Saint-Germain 40: Auxerre 39; Marseille 34; Nantes 32; Monaco, Sochoux 31; Lille, Nice 30; Bordeoux, Montpellier, Toulouse 28, Meiz 27: Cornnes 26; Toulon 23; Matra Racina, Caen 20; Laval 18; Strasboura 12; Soint-Ellenne 11; Lens 10

#### TRANSITION

American League
CALIFORNIA—Signed Mike Ramsey, out-

CHICAGO-Walved Jerry Mumphrey, outfielder, for the purpose of giving him his un-conditional release conditional release.
CINCINNATI—Purchased the contracts of Chris Hammond and Scott Scudder, plichers, from Chattanaga of the Southern Leasues. Kelth Kaiser, pitcher, and Eddle Taubenses. catcher, from Greenstoro of the South Altan-

gio Jelferson, lirsi basemon, from Cedar Rop-LOS ANGELES-Agreed to terms with

PHILADELPHIA-Named Denis Menke

PHILMOND BOTSALL FOOTSALL end, on injured reserve. Activated Cap Basa, fight end, from injured reserve.

CINCINNATI—Piaced Ellis Dillohani,

salety, on injured reserve. Activated Daryl fensive bock.

NEW ENGLAND—Ploced Lin Dowsen.

tight end on injured reserve.

NEW ORLEANS—Activated Mark Pattl-son, wide receiver, from injured reserve.
Placed Jett Walker, lackle, an injured re-N.Y.G IANTS—Placed Odessa Turner, wide

/avno Haddix, cornerback, PHILADELPHIA—Placed Ron Salt, guard,

PITTSBURGH-Activated John Rienstre everd, from injured reserve. Wolved Jim Boyle, ottensive lineman. SAN FRANCISCO—Activated Pete Kugler, defensive end, and Tary Nixon, co from injured reserve. Walved Kevin Lily, de-lansive end. Placed Chef Brook, safety, on

NAVY—Named Lt. (JG) Ron Llevendop interim men's gymnostics coach. SOUTHERN METHODIST—Named Louise Ritter part-time wamen's assistant ireck and field coach,

Company of the Compan

R IN EL ROPE IN

and Man k no de ne

& Bar

# **Touring Battlegrounds:** A Prosperous Business

Valmai, might be any prosperous gimm, where they heard the Last south of England couple, with a Post played at the Monen Gate pretty print dress for Valmai (a and attended services at St. Welsh name), a brand new blue George's Memorial Church, built that is not our way of present-

#### MARY BLUME

mousse at the pub. But if they are grave models of modern entrepreneur-

years ago with a tour across the channel to the battlefields and beaches of World Wars I and II. the River Kwai may have to be "If we had been professional travel put off, but Major and Mrs.

people we would never have been Holt's travelers (they never call uccessful," Major Tonic says. But we happen to have a personal interest in the period so we put it together as a theatrical experience. What we want people to do is feel Blues and Grays on Sherman's rather than think too much — feel march to the sea. If there is suffi-the emotions of the soldiers, think cient demand, and they think of what they would have done had they been the commanders."

People say when you come so often don't you get a little hard-ened hearing the Last Post played so many times?" Valmai says. " I think as you get more and more tuned in, it becomes even more Holts have always been interested

day. I always have this ridiculous feeling that one day I'll go there and find it was all a bad dream because surely it could not have been that terrible. How did people bear it and bear to go back in battle the next day and the next?

How did they endure it?" This summer the Holts led their new tour, "Oh What a Literary War," to the World War battlefields and cemeteries connected for a dress-up if you want to put Tor with England's soldier poets. This on a dress," Major Tonie says. autumn, thanks to Major and Mrs. Holt's Battlefields Tours, 14 World War veterans, the oldest 971/2 years old, returned to the military, so it tends in people's trained to smile into the telefields they had not seen since the

**T&TA** 

The right choice Cut out & some for easy re

SANDWICH, England — Maconvoy of five buses holding 200 jor Tonie Holt and his wife, people to the Ypres salient in Bel-Jagnar for Tonie, and salmon after the war for the use of the many ex-servicemen who had been hired to disinter their fallen comrades and bury them in proper

The Holts pack up their kit bags ial England, their enterprise is and smile smile smile across the unique. They are the creators of world: There are tours to China, Major and Mrs. Holt's Battlefield Gibraltar, North Africa, Waterloo, Tours, which go everywhere from Singapore, and to the site of the Troy to Fortress Faiklands.

Singapore, and to the site of the Italian World War I disaster at Major and Mrs. Holt began 12 Caporetto, made famous in Hemingway's "Farewell to Arms."

A planned trip to Burma and them tourists or customers) can study the zealots at Masada, the cient demand, and they think there will be, the Holts will organize a trip to Vietnam.

If he had stayed in the army, in which he served as an engineer. Major Tonie says he would just be retiring as a general. "It would have been dreadful," he says. Both in writing and in amateur theatri-"At the Somme, you know we cals and they bring to their tours had 60,000 casualties there in one minute-by-minute scripting and visuals in which every effect is planned. The planning is essential, so is the fact that the tours are run by couples (there are now four exofficers and wives helping the

time, Valmai says, then when they see there are women along they bring their wives next time. "The hotel is nice and there is a chance

minds to be rather rectangular and dark," he said.

of Nov. 11, 1918, the Holts led a young men were at the sharp convov of five buses holding 200 end," Valmai said, "Some people can read military history without ing war, you can sit at home and do that. We want you to go home knowing what Tommy Atkins felt like sitting in a muddy treach."

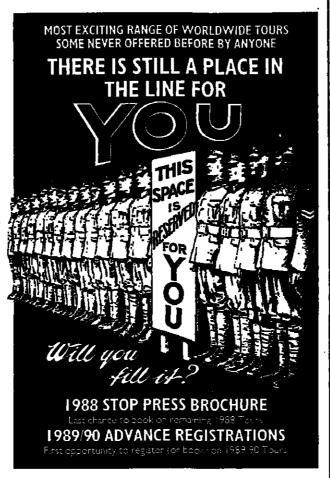
Poems are read, songs sung, pictures flashed on the bus's video, and dried food packets and trench periscopes passed around. In the evenings there is talk, and, with luck, a spot of argument over the meat and two veg (the Holts have found it best to stick to English-style dinners).
"We really do provoke people

to react, we may swing the pendu-lum one day and swing it back the next day in order to get people to take part," Major Tonie said. "We wouldn't quite be doing like this but to illustrate my point, we might start off a World War II tour by emphasizing the things that Adolf Hitler did for Germany in the 1930s that were beneficial, like the unemployment situation and discipline on the streets. The following day you redress the balance by emphasizing all those things he did which were bad."

The Holts still take out 20 tours a year themselves, the most exhausting of which was a group of American former war correspon-dents at the invasion beaches of Normandy who brought bottles and kept demanding telephones to call in their stories. Sometimes they just go off on a tour on their own. "A year without going to Normandy and the landing beaches, a year without going to the Men often come alone the first Somme, a year without going to me. Valmai savs. then when they Ypres is unthinkable," Valmai . "The day we go to a battlefield and don't actually feel any-

Their offices in a disused he is "It takes a lot of courage for on the main street of Sandwich in some people to come with us beKent are filled with floppy disks cause first of all the subject is and staff members who are phone and remember people's names. The Holts reckon that Last week, to commemorate the "Some people study military they have a nucleus of four or five 70th anniversary of the armistice history without considering that

thing we'll stop," said Major



annual tour and about 500 who make two or three tours a year.

To encourage the club spirit, important that we do that. Yes of To encourage the club spirit. travelers are given service badges that indicate how many Holts Battlefield Tours they have been on. One man is a veteran of 40 trips. Some trips have waiting lists: "Six Days on the Somme," which is done twice a year, has no

space until 1990. The Holts write guidebooks and sell maps and souvening and their own regimental tie and trav-eling kit decorated with their personal logo. They also offer a service for those who want to locate and visit war graves outside the United Kingdom.
One area that they have avoided

is naval battles. "I think there must be something on the ground," Valmai said, "a museum or a dugout or a trench line or a memorial." When you come down to the bottom line the tours are about conflict and ultimate death in

many cases and it's right and proper that at some stage we stop and remember that formelly in some way," said Major Tonie, "placing a "Absent sum it up."

course we enjoy ourselves, we laugh and we have fun just as they did in wartime. At some time there has to be that remembrance and we do it quite formally."

At last Friday's Armistice commemoration at Ypres, the major gave a toast at the final luncheon.

"People come on the tours for various reasons," he said. "Some have come because they know nothing about it and want to know, some know a bit about it and want to know more. Some had parents or grandparents in the war. Some come because they're peacemongers, some because they're warmongers, some collect badges, some have seen a film. Lots of reasons and it's very difficult to find a toast that encompasses all, so we propose a toast that we think is likely to bring everybody together. And it

is simply, To absent friends. "Absent friends does seem to

#### **LANGUAGE**

# Sound Bite, Define Yourself!

By William Safire

WASHINGTON — When, weeks from now, the hurry-up "definitive" history of the 1988 campaign is written, what word or phrase will emerge as the favorite locution of the election? What short, punchy sound bite most helps this campaign to define itself?

It's a tie. Sorry, George Bush's furlough and I am that man are fading, though we may hear more from a thousand points of light; Michael Dukakis's tough choices and competence, not ideology are down the memory drain; among pundits, the polling bounce or post-convention bump faded fast, while tired spin doctors have long ago thrown their spending caps in the air.

The joint winners of clicke of the election year are sound bite and the reflexive use of define.

A sound bite, as every news junkie and couch potato knows, is a snippet of film that catches the rhetorical highlight of a speech, a quotation that is bright, snappy and memorable, and never mind the boring profundity.

Who coined the phrase and when? I am distressed to

report that my fellow etymologists are at a loss for words (good title for a book on uncertain etymology).

The first citation is dated June 22, 1980, in a piece by Sandy Kyle Bain in The Washington Post reporting on the education in television being given candidates by William F. Rhatican: "Remember that any editor watching," said Rhatican to a pin-striped political hopeful, "needs a concise, 30 second sound bite. Anything more than that, you're losing them."

That was not the sound of a phrase being coined; it was the sound of a locution known to insiders and

experts being spoken to outsiders.

For an earlier citation, I reached to London, to the newly computerized Oxford English Dictionary. Surely, that venerable but vital institution, on the verge of publishing an updated amalgamation of its masterpiece and its supplements, would have a trade-press

No luck; the best their editors could offer was Rhatican in 1980. I called Bill Rhatican, now senior vice president for public affairs of the Advertising

"I doubt that I coined it," said Rhatican, obviously a believer in truth-in-advertising. "The phrase was in the air. I used it in a lecture I gave in the mid-70s advising political candidates on the use of television: If you wander all over the place in your statements,

you won't provide pithy sound bites for TV."

That puts us in the mid-"70s; to reach back further, I called Dan Schorr, now senior news analyst for Na tional Public Radio, who remembered its use in the early 1960s when he was with CBS News, "It came out of the editing room, in the days before videotape. When the producer saw the excerpt he wanted, he'd tell the film editor. Take that bite; out of longer

interviews, the bite would be 30 to 45 seconds."

But why sound bite? If it was film, why not sight bite, which was also a rhyme? Would it not, as some have guessed, have come out of radio?

Sid Davis, a veteran NBC radio newsman who is now with the Voice of America, waves me off that line of folk etymology. "In radio, we called the short live takes actualities. I think sound bites came in during the early 70s, in the transition from film to tape. A piece of film was a clip, but a piece of tape was a bite.

you would take out of an apple or a piece of tape, and

you would take out of an apple or a piece or tape, and not byte, a computer term, of uncertain origin, for "character" (and send that etymon in if you have it, too), which in turn is confused with bit, a smaller unit of information, a shortening of binary digit.

The term may be used affectionately by news editors, but is often used denisively by six-down commentators. In 1984, television's Roger Mudd denounced a campaign he felt was made an of "cound hites and campaign he felt was made up of "sound bites and photo-opportunities" (the latter, a Ron Ziegler coinage). In 1988, when Senator Lloyd Bentsen savaged Senator Dan Quayle with his "you're no Jack Kennedy" riposte, ABC's Jeff Greenfield used the term with a neutral connectation. a neutral connotation: "the biggest sound bite of the

But print journalists, who have been using shorter quotes themselves, like to sneer at television coverage as a collection of inconsequential, sensationalistic, sloganeering sound bites.

NOW to the co-winner, the reflexive use of define.
A reflexive verb takes both a subject and object with
the same referents, as when a winning debater tells his handlers, "I defined myself," and the loser admits in private, "I clobbered myself."

"The new president ably and attractively defined himself," wrote The Washington Post about Jimmy Carter's Inaugural Address in 1977. The New York Times, exactly four years later, wrote of Ronald Reagan, "But in defining himself to the world, the 40th president of the United States chose the role of moder-

ate in a script of gradualism."

"This convention," wrote John Balzar of the Los Angeles Times from Atlanta in July, "has had the purpose of introducing Dukakis to the public." Then the reporter showed his sensitivity to cliche: "Defining himself, as they say in political argot." A refinement came in defining oneself against or relative to someone else: "Michael Dukakis has been allowed to defin himself relative to Jesse Jackson," complained News Hampshire's Republican Governor John H. Summu

to the newsman Jim Lehrer in June. The vogue define is not always used reflexively. The Democratic pollster Peter D. Hart used its present participle, defining to modify event, thus describing a major change that produces political results.

And George Bush, in debate, held that "what I've

had to do is to define not just my position, but to What does the word mean? ("OK, lexicographer, define define.") One sense is "to state the meaning of"; another is "to characterize, to describe the essential quality"; a third is "to delimit, specify, fix the bound-

aries, make clear the edges."
In its reflexive political use, to define yourself means "to set forth your goals and values vividly," or in less idealistic terms, "to sharpen the impression of your personality and approach in a way that is memorably

appealing to most voters." Nobody ever said such self-portraiture was easy. While Dukakis failed to define himself until the last stages of his campaign, Bush redefined himself

from wimp to tiger — in what must have been a wrenching psychological effort.

Alan Watts, the American philosopher and writer on Zen, was quoted in 1961: "Trying to define yourself is like trying to bite your own teeth."

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